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CITY OF ARROYO GRANDE

2003 HOUSING ELEMENT



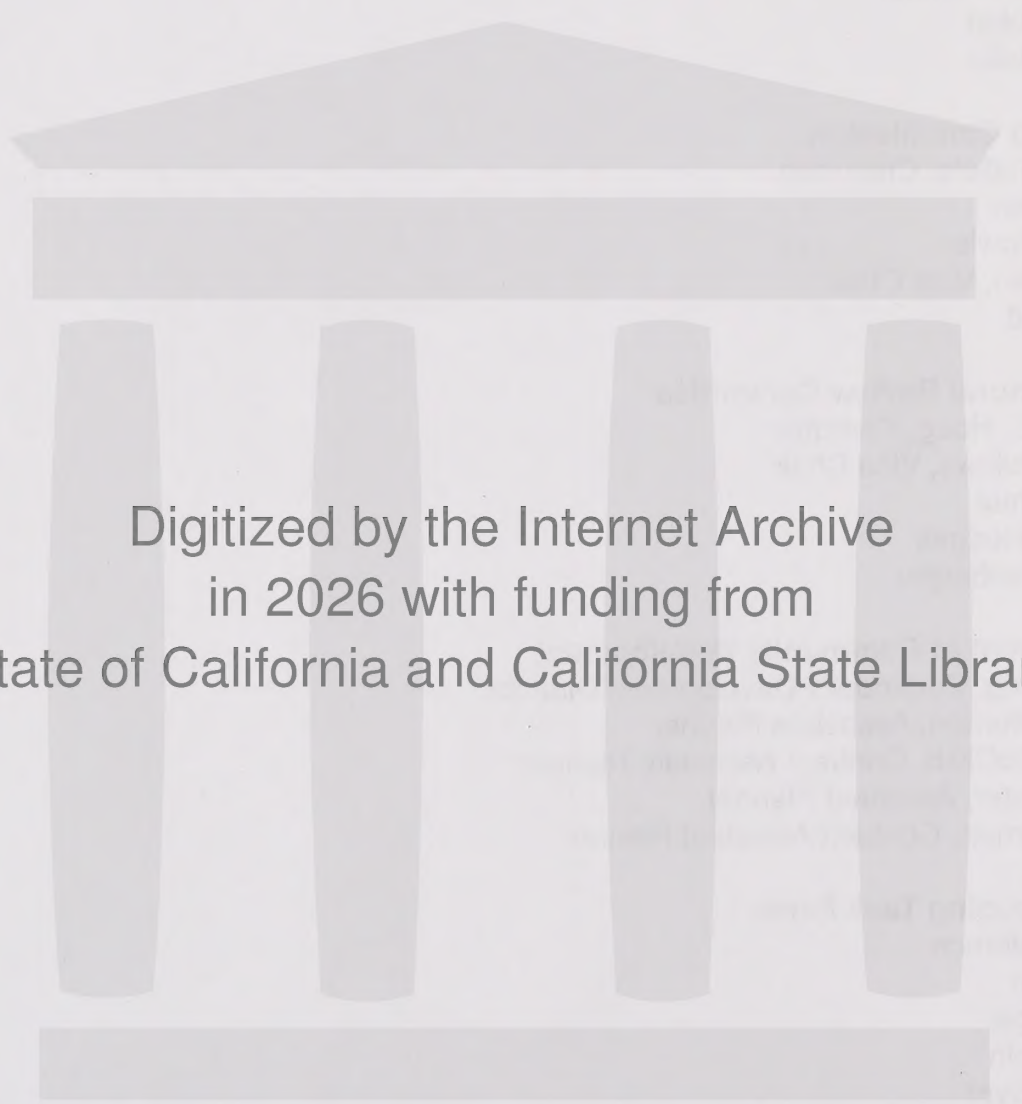
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CHAPTER 1 – INTRODUCTION

1.1 Purpose

The purpose of the Housing Element is to identify and provide: a) An analysis of existing and projected housing needs; b) a statement of goals, policies, quantified objectives and financial resources; and c) scheduled programs for the preservation, improvement, and development of housing. The State Legislature, in its adoption of planning law, has set forth the following policies toward the provision of housing:

- The availability of housing is of vital importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farm workers, is a priority of the highest order.
- The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the needs of Californians of all economic levels.
- The provision of housing affordable to low and moderate-income households requires the cooperation of all levels of government.
- Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs.

The purpose of this document is to comply with Article 10.6 (as amended) of the State Planning Law and to meet the guidelines set forth for the implementation of Article 10.6. This document, upon adoption, will replace the Housing Element adopted by the City of Arroyo Grande on June 22, 1993.

This Housing Element includes all of the following information as required by State law:

- Specific goals, measurable objectives, policies and implementation measures.
- Information about the existing housing stock, covering such items as the amount, type, cost, tenure, and structural conditions of the units. Other areas of concern include overcrowding and the needs of special subgroups of the population.
- An analysis of potential barriers to housing production, including both governmental and non-governmental constraints.
- Information about energy conservation opportunities in housing.
- A summary of the past housing efforts and an analysis of their success or failure.

1.2 Relationship to City General Plan

Housing elements are one of seven elements of the General Plan that every California city and county is required by State law to prepare. Under State law, a General Plan must function as an integrated, internally consistent and compatible statement of

values. The housing, land use and circulation elements form the heart of a community strategy to promote orderly growth and provide housing for all economic segments.

State law is more specific about the content of housing elements than any other portion of the general plan. The housing element is also the only part of the general plan that is subject to mandatory deadlines for periodic updates. It is the only element that is legally subject to review and "certification" by the State.

1.3 Organization of Housing Element

As noted above, the intent of this Housing Element update is to meet the statutory requirements of State housing law. Chapter 1 provides a brief overview of the laws and its relationship to the General Plan. Chapter 2 is the heart of the document, setting forth all the goals, policies, programs and objectives for housing in Arroyo Grande. Chapter 3 describes relevant demographics concerning housing needs and issues in the City, while Chapter 4 discusses the regional housing needs. Finally, Chapter 5 provides an overview of the City's land availability, public services, constraints to housing development, as well as a review of past housing efforts as provided in the 1993 Housing Element.

1.4 Public Participation

Housing issues affect the entire community, including residents, employers, and the public and private sectors. The public participation requirement of the housing element law presents an opportunity to engage constituents in a discussion, defining overall housing needs and constraints, as well as problems and the creation of solutions. The inclusion of community stakeholders in the housing element public participation process helps ensure appropriate housing strategies are more efficiently and effectively developed, implemented and evaluated.

To address the public participation requirement, the City Council appointed a Local Housing Task Force (LHTF) to address housing issues in the City. The LHTF comprised a number of stakeholders in the community, including a representative of the building industry, two small builders, two representatives of the realty industry, a representative of the financial industry, a representative of the housing authority, two major employers (a school district representative and a hospital administrator), as well as several citizens at large, including a resident with special experience with developing affordable housing. The overall purpose of the LHTF was to formulate strategies and provide preliminary recommendations for the Housing Element to the Planning Commission and City Council, and to help build consensus on policy direction. Beginning in November of 2002, the LHTF conducted roughly twelve (12) public workshops to address housing issues in the City. Each of these workshops was publicly noticed and was open to the public. The LHTF selected several sub-committees to address specific issues related to housing needs, which included work force housing, special needs housing, constraints to housing, and well as a review of financial resources. The sub-committees prepared reports that were presented to the LHTF as a whole. The main work product from the LHTF was the preparation of recommendations regarding goals and policies addressing housing needs that could result in the preparation of programs. The LHTF, in May of 2003, presented its recommendations in a report to the Planning Commission. In addition to the LHTF meetings, were several

joint hearings and workshops with the LHTF and the Planning Commission to review information and reports that had been generated by staff and consultant during the review process.

Once the LHTF had completed and submitted its report, the Planning Commission held a number of workshops to consider the LHTF recommendations and to provide direction to City staff in the preparation of the draft Housing Element. This process has resulted in the preparation of the draft Housing Element provided herein. Subsequent hearings will be conducted that will result in the refinement and adoption of a final Housing Element.

1.5 Summary of Key Housing Issues

Arroyo Grande is one of several cities in San Luis Obispo County that is being affected by housing pressures and is in need of housing to address the needs of the region. Some of the key housing issues affecting the county and the City of Arroyo Grande are highlighted below.

- The key housing issues that have been identified in the preparation of the housing element is that of affordability of housing. In the late 1990's, housing costs started to increase dramatically, as represented by the 1990 and 2000 Census data. Since 2000, the issue of affordability has become a significant regional economic and social issue for the viability of the City and the County. Currently, less than 20 percent of those residents seeking housing can afford a median priced housing unit. Rents have also significantly increased. The increase in sales prices and rents has increased at a rate that is significantly higher than that of incomes. Expectations are that this issue will continue into the near future. There is and will be a need to provide substantially more affordable housing in the City and the County.
- There has been a lack of affordable housing constructed in the City. Almost all housing constructed has been market rate housing. Most of the housing constructed has been single-family detached dwelling units. Very few new condominium or multifamily projects have been proposed by private builders during the last ten (10) years.
- The stock of affordable multi-family housing in the City needs to be increased to address housing needs, especially for low and very-low income households.
- One of the key issues affecting affordable housing construction is the price of land, both unimproved and improved. In many cases, the price of land itself is at a level that significantly affects the cost of housing, including multi-family housing units. This is especially important when dealing with the provision of low and very-low housing units.
- In addition to the cost of land, there are a number of issues that affect the production of affordable housing. Many of these involve limited City resources, including financing, insurance and liability, adequate local services, and an

already strained infrastructure. These are more specifically described in the constraints analysis in Chapter 5.

- In addition to local financial resources, the level of State and federal grants and funds to support the construction of affordable housing is decreasing. Those funds that are available seem to be oriented to larger metropolitan areas of the State. In addition, insurance needed to allow for multi-family rental and condominium housing has become very limited.
- The dominant housing choice for the development community is the construction of market rate single-family housing. There is a need to re-orient housing to that affordable to all income levels.
- According to recent reports and studies, the senior population will increase in the future, both for existing residents and those re-locating from other areas of the State. It is predicted that there will be a decrease in families staying or locating in the area. The latter is likely a result of the increasing cost of housing and the lack of affordable units.

CHAPTER 2 – GOALS, POLICIES, PROGRAMS AND QUANTIFIED OBJECTIVES

2.1 Housing Element Goals, Policies and Programs

State law requires that the Housing Element contain a “statement of the community’s goals, policies, programs and quantified objectives relative to the maintenance, improvement, and development of housing”. This Chapter describes the proposed goals, policies, objectives and implementation programs of the Housing element for the City of Arroyo Grande.

Goals refer to general statements of purpose, and indicate a direction the City will take with respect to the identified housing problems. *Policies* are statements of the City’s intent regarding the various housing issues identified, and provide a link between the goals and the quantified objectives. *Programs* are steps to be taken to implement the policies and achieve the quantified objectives. Some of the programs contain *Quantified Objectives*, which refer to the number of units that are expected or estimated to be constructed, conserved or rehabilitated during the time frame of the Housing Element, January 2001 to July 2008.

Goal A: To provide a continuing supply of affordable housing to meet the needs of existing and future Arroyo Grande residents in all income categories.

Policies:

- A.1. The City shall adopt policies, programs and procedures to attempt to meet the present and future needs of residents of the City, and to aim at providing the fair share regional housing need allocated for each income classification, within identified governmental, market, economic and natural constraints.
- A.2. The City shall continue to utilize the following incentives for the production of affordable housing: a) allowing secondary dwelling units under specified criteria; b) allowing manufactured housing on legal parcels in all residential zones; c) allowing density bonuses for very low, low, and moderate-income housing, below market housing, and senior housing projects.
- A.3. The City shall give priority to processing housing projects that provide for affordable housing, and lower fees shall be charged as an incentive for low and very low-income housing.
- A.4. The City shall establish minimum residential densities that are no lower than 75 percent of the maximum densities allowed in each zone, with exceptions made for properties with significant environmental constraints.
- A.5. The City shall encourage housing compatible with commercial and office uses and promote “mixed use” and “village core” zoning districts to facilitate residential uses to be integrated into such areas.

- A.6. The City should consider assumption of regulatory control from the State for manufactured housing, manufactured home parks and mobile home parks.
- A.7. The City has established and applied a zoning district for mobile home and manufactured home park uses:
 - a) Existing mobile home and manufactured home parks shall be reviewed and appropriate Development Code Amendments will be part of the update process in 2004-05;
 - b) The City may identify additional opportunities to create more mobile home and manufactured home parks, or expand and/or redevelop older existing parks.
- A.8. The City may annex land on the urban edge to promote orderly growth and the preservation of open space.
- A.9. The City shall continue to enable and encourage multiple-family, rental apartments, senior, mobile home and special needs housing, in appropriate locations and densities. These multiple family residential alternative housing types tend to be more affordable than prevailing single-family residential low and medium density developments.
- A.10. The City shall review and revise its development regulations, standards and procedures to encourage increased housing supply.
- A.11. The City shall continue to utilize and expand the Density Bonus program to encourage affordable housing supply.
- A.12. The City shall establish a system to inventory vacant and underutilized land.
- A.13. The City shall pursue adequate water sources and conservation programs to accommodate projected residential development in accordance with the General Plan.

Programs:

- A.1-1. In addition to implementing the Water Conservation Program adopted May 2003, the City shall investigate other programmatic approaches the City will undertake to address the availability of water. The City shall also inform Arroyo Grande's water and sewer providers about prioritizing housing development projects for lower-income households for public services, per Government Code Section 65589.7.

Responsible agency/department:	Community Development/Public Works Departments
Timeframe:	July 2004
Funding:	General Fund

Expected Outcome:	Reduce water constraints through implementation of the City's "Water Conservation Program", and developing a "Water Supply Matrix".
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- A.2-1. The City shall encourage and publicize the secondary dwelling program to increase public awareness.

Responsible agency/department:	Community Development
Timeframe:	Ongoing starting spring 2004
Funding:	General Fund
Expected Outcome:	Develop information brochure to include with the City's "Stagecoach Express" newsletter (distributed quarterly) and to have available at the Community Development front counter. Expected outcome is increased production of secondary units as an affordable housing alternative.

- A.2-2. The City shall reduce impact fees for the construction of second dwellings

Responsible agency/departments:	City Manager/ Finance/ Community Development
Timeframe:	January - July 2004
Funding:	General Fund
Expected Outcome:	Reduction in impact fees for second dwellings adopted as part of the Fee Schedule review and update.

- A.4-1. The City shall initiate a Development Code Amendment to establish a minimum residential density of 75 percent of the maximum densities allowed in each residential and mixed-use zone, with exceptions made for properties with significant environmental constraints as determined through the CEQA process.

Responsible agency/departments:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	More residential properties will be developed to their full development potential.

- A.5-1. The Development Code Update shall include minimum residential densities for properties zoned Mixed Use. Exceptions shall be allowed for properties with significant environmental constraints as determined through the CEQA process.

Responsible agency/departments: Community Development
Timeframe: 2004-05
Funding: General Fund
Expected Outcome: Residential uses will be integrated into mixed-use developments.

- A.9-1. The Development Code shall be updated to encourage the use of alternative housing types, such as pre-fabricated homes, for special needs housing

Responsible agency/departments: Community Development
Timeframe: 2004-05
Funding: General Fund
Expected Outcome: Increased affordable housing options.

- A.10-1. In order to provide financial incentives for all affordable housing, the City shall evaluate its development standards such as setbacks, landscaping, community tree ordinance requirements, parking requirements, road widths, lot coverage, floor-area ratio open space and height requirements that prevent builders from achieving any density bonuses.

Responsible agency/department: Community Development
Timeframe: 2004-05
Funding: General Fund
Expected Outcome: Process City-initiated Development Code Amendments to increased allowance for affordability.

- A.11-1. The City shall modify the Density Bonus regulations to expand the bonus for all affordable units as indicated below. Within Planned Developments, the City is obligated by State law to provide density bonuses of 25 percent for projects that provide either 10 percent of the units for very-low, 20 percent of the units for low-income, or 50 percent of the units for senior housing units, subject to environmental constraints per CEQA requirements. Within Planned Developments, consideration of density bonuses above the State requirements shall be discretionary.

- The City shall grant, in designated mixed use corridors such as East Grand Avenue, a density bonus above the State standard for projects serving households that meet State defined very-low and low-income income levels (the State requires a minimum 25 percent density bonus for projects that provide either 10 percent of the units for very-low, 20 percent of the units for low-income or 50 percent of the units for senior housing units).
- The City shall grant a density bonus of at least 50 percent for residential projects in which at least 35 percent of all units (including the density bonus units) meet State definitions for very-low and low-income units.
- The City shall grant a density bonus of 30 percent for residential projects in which at least 20 percent of all units (including the density bonus units) will be sold to households earning between 80 percent and 120 percent of the county median income (or low and moderate-income, respectively).
- The City shall grant a density bonus of 20 percent for residential projects in which at least 50 percent of all units (including the density bonus units) will be sold to households earning between 120 percent and 150 percent of the county median income (workforce housing). The City shall limit the density bonus for above moderate-income housing to the regional housing allocation of 400 units until 50 percent of the very low, low and moderate-income allocations are developed. The City shall track the number and type of housing occupancy permits issued to ensure that density bonuses are not offered in the above moderate-income category until this percentage is achieved.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Increased densities to allow for more affordability.

- A.12-1. The City shall expand its Geographical Information System (GIS) mapping and planning database to create and maintain a basic inventory of vacant and underutilized "opportunity sites".

Responsible agency/department:	Community Development
Timeframe:	On going
Funding:	General Fund
Expected Outcome:	Creation and maintenance of a land availability inventory.

Goal B: Ensure that housing that is constructed in the City is affordable to all income levels.

Policies:

- B.1. All residential projects that receive additional densities or other City incentives to include affordable housing shall be placed into a city-approved program to maintain the affordability for at least 30 years. Any sale or change of ownership of these affordable units prior to satisfying the 30-year restriction shall be "rolled over" for another 30-years to protect "at risk" units. For rental housing, affordability shall be maintained through recorded agreements between a property owner and the City, its Housing Authority, or another housing provider approved by the City. For owner-occupied units, long-term affordability can be maintained by two methods: a) the property owner agrees to maintain the designated unit as affordable for the specified period, utilizing a promissory note and deed of trust, recorded on the property, or b) utilizing an equity-sharing program, whereby, the equity share returns to the City for use in other affordable housing projects.
- B.2. The City shall require the monitoring of affordable units to ensure ongoing compliance with the sales limits or rental rates established by agreement between the City and the developer. The City shall take the necessary steps to assure compliance with the regulatory agreement, including consideration of contracting with a housing authority or joining a regional monitoring agency if one is developed.
- B.3. The City shall establish lower fees and/or defer collection of impact fees for very low, low and moderate-income units.
- B.4. In order to allow for increased density and thus increased affordability, as well as allowing for more functional mixed-use projects, the City shall modify the height limit to accommodate three stories. The City shall also develop fire suppression policies to accommodate the new height standard.
- B.5. The City shall look for innovated ways to provide functional open space such as using courtyard design, under-structure parking or multi-purpose features.
- B.6. The City may establish parking districts where appropriate to enable additional density.
- B.7. Affordable housing shall not be concentrated into a condensed, identifiable portion of a development or subdivision but rather dispersed throughout and integrated into the development as determined acceptable considering site constraints, size and design.

Programs:

- B.1-1. The City shall establish a program for tracking all residential projects that include affordable housing to ensure that the affordability is maintained for at least 30 years, and that any sale or change of ownership of these affordable units prior to satisfying the 30-year restriction shall be "rolled over" for another 30-years to protect "at-risk" units.
- Responsible agency/department: City Manager/Administration and Community Development
Timeframe: 2004-05
Funding: General Fund
Expected Outcome: Program to monitor affordable units.
- B.2-1. The City shall contract with a housing authority, or similar entity, for the monitoring of affordable units to ensure compliance.
- Responsible agency/department: City Manager/Administration and Community Development
Timeframe: Spring 2004
Funding: General Fund
Expected Outcome: Contract agreement approved. Expected outcome is consistent monitoring of affordable units.
- B.3-1. The City shall modify its development impact fee schedule to charge no impact fees, excluding water and sewer fees, for very low-income housing units, and 75 percent lower fees for low-income housing units.
- Responsible agency/department: City Manager/Administration & Community Development
Timeframe: 2004-05
Funding: General Fund
Expected Outcome: Reduction in costs for affordable housing by amending the City's Fee Schedule to reduce impact fee requirements for very low and low-income housing.
- B.4-1. The City shall update the Development Code to increase the mixed use and multiple-family residential height limit to three stories or 30 feet, whichever is less; a maximum of 36 feet would be allowable through the Minor Use Permit (MUP) process.
- Responsible agency/departments: Community Development
Timeframe: 2004-05
Funding: General Fund

Expected Outcome:

Facilitate increased densities.

- B.6-1. The City shall research appropriate areas to establish or expand existing parking districts to reduce on-site parking requirements and thereby enable additional density.

Responsible agency/departments: Community Development

Timeframe: 2004-05

Funding: General Fund

Expected Outcome: Facilitate increased densities.

Goal C: The City shall research and identify various additional financial and other resources to provide very low and low-income housing for current and future residents of the City.

Policies:

- C.1. The City shall establish criterion for allocating financial resources from its In-Lieu Affordable Housing Fund and Redevelopment Agency (RDA) Low and Moderate Housing Fund to augment very low and low-income housing development.
- C.2. The City shall consider issuance of bonds to finance very low and low-income housing.
- C.3. The City shall aggressively pursue State and federal funds to finance very low and low-income housing.
- C.4. The City shall consider cooperation with non-profit organizations and other developers for loan and/or grant applications to provide very-low and low-income housing.
- C.5. The City shall create a list of public and private sources to help find creative funding solutions for the provision of very low and low-income housing.

Programs:

- C.1-1. The City shall allocate financial resources to augment very low and low-income housing development based on the financial projection from the RDA housing set-aside fund and In-Lieu Affordable Housing Fund for this planning period (through June 2008), as shown in the table below.

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	Total
Redevelopment	\$80,000	\$40,000	\$40,000	\$50,000	\$50,000	\$260,000
In-Lieu Fees	\$800,000	\$100,000	\$75,000	\$75,000	\$75,000	\$1,125,000
Grants/Other	\$0	\$100,000	\$75,000	\$75,000	\$75,000	\$725,000
Total	\$880,000	\$240,000	\$190,000	\$75,000	\$200,000	\$2,110,000

Funding will be used for financial incentives to developers for the inclusion of affordable units above the inclusionary housing requirements and for potential purchase of land for affordable housing development. Currently, the City has committed \$800,000 to a 108-unit affordable housing project and an additional \$40,000 to a second project. The City is also investigating potential properties for purchase and redevelopment. This table identifies funding projected based upon known sources. However, this funding level is not estimated to be sufficient to address direct and associated costs of providing this level of housing without increased State financial assistance.

Responsible agency/department: City Manager/Community Development
Timeframe: 2004-05
Funding: In-Lieu Affordable Housing Fund/Redevelopment Agency
Expected Outcome: Funding to finance affordable housing.

C.4-1. The City shall meet with local non-profit and private developers semi-annually, or more frequently if opportunities arise, to promote the very low and low-income housing programs outlined in the Housing Element. The City shall direct private housing developers to funding sources (such as federal and State housing grant fund programs and local housing trust funds) to promote affordable housing as outlined in the policies of Goal C.

Responsible agency/department: Community Development
Timeframe: Semiannually starting in 2004
Funding: General Fund
Expected Outcome: Increased awareness of the City's desire to provide affordable housing and to accommodate affordable housing.

C.4-2. The City shall participate in financial incentive programs established by the San Luis Obispo County Housing Trust Fund (newly established local non-profit agency), such as a revolving loan program.

Responsible agency/department: City Manager/Community Development
Timeframe: 2004-2008
Funding: General Fund/Redevelopment Agency

Expected Outcome:

Leverage of financial resources to augment development of affordable housing.

Goal D: In order to provide affordable housing, especially for very-low and low-income households, apartment construction shall be encouraged.

Policies:

- D.1. The City shall consider creating a specific land use zone restricted to apartments.
- D.2. The City shall relax parking standards for apartments containing very low, low, moderate and/or senior housing.
- D.3. For the purposes of calculating density, fees and other development standards, an apartment is defined as follows:
 - A dwelling unit equivalent equals two bedrooms, or more;
 - A one-bedroom equals 0.7 of unit and is defined as 850 square feet or less;
 - A studio equals 0.5 of a unit and is defined as 600 square feet or less.

Programs:

- D.1-1. The City shall encourage specific plans for land within its Sphere of Influence that include increased residential capacity for multiple-family development.

Responsible agency/department:	Community Development
Timeframe:	2004/2005
Funding:	General Fund
Expected Outcome:	Possible increased land inventory to support affordable housing.

- D.2-1. Parking requirements for apartments shall be as follows:
 - Studio units require one parking space;
 - One bedroom units require one and a half spaces;
 - Two bedroom units and above require two spaces plus ½ space for each additional bedroom;
 - On-site guest parking requirements can be waived or reduced subject to approval of the Community Development Director through the Minor Use Permit (MUP) process.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund

Expected Outcome:

Possible reduction in development standards to increase the affordability of housing.

Goal E: Residential condominium conversions shall be regulated both to protect the City's supply of apartments and to allow more moderately priced for-sale homes.

Policies:

- E.1. Apartments can only be converted and sold as residential condominiums to families earning State-defined very low, low or moderate-income levels, to the extent allowed by law.
- E.2. The City shall set a limit on how many rental units can be converted annually not to exceed the annual average of new rental apartments constructed.
- E.3. To the extent provided by law, the property owner shall give the current residents the first right of refusal to buy the units being converted, providing they meet the income guidelines.
- E.4. Residential condo conversion units shall remain affordable through a thirty (30) year deed restriction, or the property owner may participate in a "shared equity program" with the City.

Programs:

- E.1-1. Prior to approving any residential condominium conversions, the City shall establish a monitoring program to ensure ongoing compliance with the affordable price controls established in the agreement between and City and the developer.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Ensure the affordability of conversions.

- E.2-1. The City shall not approve condominium conversion projects in any one calendar year resulting in more units being converted than the number of multi-family rental dwellings added to the City's housing stock during the preceding year. The number of multi-family rental units added in one year shall be determined as follows: From January 1st through December 31st, the total number of multi-family rental units given a final building inspection and occupancy permit minus the number of such units demolished, removed from the City, or converted to nonresidential use.

Responsible agency/department:	Community Development
Timeframe:	On-going upon adoption of regulations
Funding:	General Fund
Expected Outcome:	Control of possible affordable apartment conversions to market rate condominiums.

- E.4-1. When necessary, the City shall establish a "shared equity program" whereby the owner may sell the affordably restricted property within thirty (30) years of initial sale by sharing the difference in the market value to the restricted value with the City upon resale of the affordable unit. Funds generated would then be used to develop additional affordable housing within the City.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Maintaining affordability of residential condominium conversions.

Goal F: The City's inclusionary housing ordinance shall be strengthened to require more affordable units in housing and commercial development projects.

Policies:

- F.1. The City shall require housing projects greater than nine (9) units to contain inclusionary housing. The City may require payment of an in-lieu fee for housing projects containing up to nine (9) units. An inclusionary unit is defined as one that will meet the State's standards for affordable housing.
- F.2. The City shall offer multiple options for providing the inclusionary unit(s) particularly for projects proposed for neighborhoods unable to sustain the density bonus.
- F.3. New commercial and industrial development shall be subject to inclusionary housing requirements.
- F.4. An "affordable housing agreement" shall be required for projects subject to the inclusionary housing ordinance.

Programs: The City's inclusionary housing ordinance shall be amended as follows:

- F.1-1. At least ten percent (10%) of every new housing project greater than nine (9) units shall contain inclusionary housing. Builders shall receive

a density bonus of at least equal in number to the inclusionary requirement.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Increased provision for affordable housing units.

- F.2-1. The City shall consider alternatives to construction of inclusionary units on-site, such as land dedication, off-site development, or payment of in-lieu fees, subject to the City's determination that the alternative meets the need for affordable housing at least as well as on-site inclusionary units.

The in-lieu fee per dwelling unit of those projects not providing an affordable unit shall be calculated based upon the difference between the median home value in the City and the median value of a moderate income dwelling, divided by ten. The amount of the in-lieu fee shall be established on a quarterly basis unless otherwise established by the City.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Increased provision for affordable housing units.

- F.3-1. The City shall conduct a study to determine the appropriate inclusionary housing requirement for commercial development and to promote mixed-use development and a jobs/housing balance.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Recommendations for commercial inclusionary housing requirements.

- F.4-1. As a condition of development approval for applicable discretionary projects, applicants shall submit an "affordable housing agreement" for City approval. The final agreement shall be recorded and relevant terms and conditions shall be recorded as a deed restriction on those lots or affordable units subject to affordability requirements. The City shall develop a standard agreement form.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Maintaining affordability of units.

Goal G: Create clearer regulations and streamline the approval process for affordable housing projects.

Policies:

- G.1. The City shall allow staff to grant exceptions or Minor Use Permits (MUP) for proposing minor deviations from Development Code standards. The appeal process shall be amended to discourage superfluous appeals.
- G.2. The City shall encourage public participation and public agency review with pre-application submittals.
- G.3. The City shall review and periodically amend its Development Code and design review regulations and procedures to streamline permit processing for affordable housing projects and minimize application and development review costs.

Programs:

- G.1-1. A Minor Use Permit (MUP) application shall be processed for projects including affordable housing to allow for reductions within ten percent (10%) of Development Code standards. Any appeal for such approvals shall equal the cost of processing the appeal and holding the hearing. The City Council may refund the appeal fee if it determines the appeal is in the public interest.

Responsible agency/department:	Community Development
Timeframe:	On-going upon adoption of regulation.
Funding:	General Fund
Expected Outcome:	Streamlining review process to reduce development costs of housing.

- G.2-1. The City shall maintain a mailing list of persons interested in development projects containing affordable housing. Agendas for all City meetings related to these projects shall be mailed to persons on the mailing list. The City shall also post the agendas on the City's website.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund

Expected Outcome:

Increased public awareness of affordable housing projects.

Goal H: Conserve and rehabilitate the City's older stock, particularly to provide affordable housing.

Policies:

- H.1. The City shall encourage private and public financing of affordable housing rehabilitation.
- H.2. The City shall ensure zoning compatibility when integrating public affordable housing projects into existing residential neighborhoods. Adverse impacts relating to neighborhood stability and quality of life issues shall also be considered.

Programs:

- H.1-1. The City shall continue to contract and coordinate with the San Luis Obispo Housing Authority to maintain and expand Section 8 rental housing assistance to qualified households.

Responsible agency/department:	Community Development/Redevelopment Agency
Timeframe:	On-going
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Continued affordable housing.

- H.1-2. The City shall continue to apply for Community Development Block Grant (CDBG) funding for rehabilitation of very low, low and moderate-income housing for both owner-occupied and rental units. Rehabilitation of second story residential units in the Village Core and/or mixed use housing within the East Grand Avenue corridor shall be considered for such programs.

Responsible agency/department:	Community Development/City Manager/Redevelopment Agency
Timeframe:	On-going
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Conservation of existing affordable housing units.

- H.2-1. The City shall consider abatement of unsafe or unsanitary structures, including buildings or rooms inappropriately used for housing, contrary to adopted health and safety codes. Where feasible, the City will encourage rehabilitation and allow reasonable notice and time to correct deficiencies. Where necessary and feasible, very low and low

income residents displaced by abatement action shall be eligible for relocation assistance, subject to Council or Redevelopment Agency approval.

Responsible agency/department:	Building Department/Community Development/Redevelopment Agency
Timeframe:	2004-05
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Conservation of existing housing stock.

Preservation of At-Risk Units: City records indicate that there are not any at-risk units in the City at this time. However, if a City affordable housing program is successful, this may be an issue in the future. The policies below are designed to protect any future at risk units.

Goal I: Preservation of at-risk units in Arroyo Grande

Policies:

- I.1. The City shall establish a notification procedure to occupants of affordable housing units of conversion to market rate units.

Programs:

- I.1-1. At least one-year prior written notice shall be required prior to the conversion of any units for low-income households to market rate units in any of the following circumstances:
 - The units were constructed with the aid of government funding
 - The units were required by an inclusionary zoning ordinance
 - The project was granted a density bonus
 - The project received other incentives

Such notice shall at a minimum be given to the following:

- The City of Arroyo Grande
- State Department of Housing and Community Development
- San Luis Obispo Housing Authority
- Residents of at-risk units

Responsible agency/department:	Community Development
Timeframe:	2005
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Preservation of existing affordable units.

Special Needs

Goal J: To meet the housing needs of special groups of Arroyo Grande residents, including seniors, single parents, large families, and farmworkers.

Policies:

- J.1. The City shall encourage and shall seek funding to assist in the development of low and moderate-income senior rentals.
- J.2. The City shall permit larger group housing for seniors in appropriate multiple-family or mixed-use locations, subject to discretionary review.
- J.3. The City shall continue to allow small-scale group housing in multiple-family residential districts, in accordance with applicable State laws.
- J.4. The City shall encourage multiple-family housing projects that include a portion of the units with 3 or more bedrooms to accommodate larger families.
- J.5. The development of housing for farmworkers shall be encouraged. Farmworker housing may be authorized in non-prime lands zoned Agriculture as well as mixed-use or multiple-family residential zones.
- J.6. Co-housing and similar unconventional housing arrangements shall be considered in appropriate locations subject to review and approval on a case-by-case basis.

Programs:

- J.1-1. The City shall promote housing opportunities for seniors by identifying sites suitable for senior housing and if necessary, initiating zone changes for those sites as part of the Development Code Update.

Responsible agency/department:	Community Development
Timeframe:	On-going
Funding:	General Fund/Redevelopment Agency
Expected Outcome:	Increased housing opportunities for seniors.
- J.3-1. The City shall continue to allow for group housing.

Responsible agency/department:	Community Development
Timeframe:	On-going
Funding:	General Fund
Expected Outcome:	Increased housing opportunities.
- J.4-1. The City shall consider residential Development Code Amendments (such as greater lot coverage and floor area ratios for residences with

more than four bedrooms) to encourage development of housing to support large families.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Additional housing for large families.

- J.5-1. The City shall further study the housing needs of farmworkers and if determined necessary or appropriate, update the Development Code to include provisions for development of Farmworker housing on properties zoned Agriculture , Mixed-Use, and Apartments.

Responsible agency/department:	Community Development
Timeframe:	2004/05
Funding:	General Fund
Expected Outcome:	Additional housing for farmworkers.

The Homeless

Goal K: To reduce or minimize the incidence of homeless in the community.

Policies:

- K.1. The City shall consider joint powers development and cooperation agreements to develop homeless shelters and related services, or participate in the operations and maintenance of countywide or south county regional homeless shelter facilities.
- K.2. The City may enable homeless shelter for overnight lodging in appropriate zoning districts as part of the Development Code Update.

Programs:

- K.1-1. The City shall cooperate with other cities, the county and other agencies in the development of programs aimed at providing homeless shelters and related services.

Responsible agency/department:	Community Development/City Manager
Timeframe:	On-going
Funding:	General Fund
Expected Outcome:	Continued cooperation in providing homeless shelter and services.

- K.2-1. The City shall consider Development Code update to allow homeless shelters for overnight housing in appropriate locations. Emergency

and Homeless shelters are currently allowed through the Conditional Use Permit process in all Commercial districts (GC, VC, O, HC), the Public Facilities (PF) district, and the Condominium/Townhouse (MF), Apartments (MFA) and Senior Housing (SR) residential districts. The Development Code shall be updated to require administrative approval only for emergency and homeless shelters in all commercial districts.

Responsible agency/department:	Community Development
Timeframe:	2004-05
Funding:	General Fund
Expected Outcome:	Regulations that allow overnight homeless housing.

Disabled Persons

Goal L: To ensure that those residents with handicaps or disabilities have adequate access to housing.

Policies:

- L.1. The City shall ensure that all new multiple family developments comply with the handicapped provisions of the California Building Code and ADA.
- L.2. The City shall ensure, through the design review process for multiple housing projects, that the design of the development, from parking locations, pedestrian walkways, and direct access to the housing units accommodates handicapped or disabled access.

Programs:

- L.1-1. The City shall enforce building code disabled access and design provisions.

Responsible agency/department:	Building Department/Community Development
Timeframe:	On-going
Funding:	General Fund
Expected Outcome:	Provide access and design provisions for disabled persons in new housing developments.

Energy Conservation

Goal M: To increase the efficiency of energy use in new and existing homes, with a concurrent reduction in housing costs to Arroyo Grande residents.

Policies:

- M.1. All new dwelling units shall be required to meet current State and local requirements for energy efficiency. The retrofitting of existing units shall be encouraged.

M.2. New land use patterns shall encourage energy efficiency.

Programs:

M.1-1. The City shall implement a water and electrical retrofit program for existing housing units.

Responsible agency/department:	Building Department
Timeframe:	2004-05
Funding:	General Fund/PG&E
Expected Outcome:	Reduce usage of water and electrical resources.

M.2-1. Housing units of proposed development projects shall be designed for optimal solar access. The applicant shall show on the project plans how this is achieved.

Responsible agency/department:	Building Department
Timeframe:	On-going
Funding:	General Fund
Expected Outcome:	More energy efficient housing development.

Equal Opportunity

Goal N: To assure access to sound, affordable housing for all persons, regardless of race, creed, age or sex.

Policies:

N.1. The City declares that all persons, regardless of race, creed, age, or sex, shall have equal access to sound and affordable housing.

Programs:

N.1-1. The City will promote the enforcement of policies of the State Fair Employment and Housing Commission, and shall resolve housing discrimination complaints through assistance from HUD, and/or local, regional private fair housing organizations.

Responsible agency/department:	All City Departments
Timeframe:	On-going, starting spring 2004
Funding:	General Fund
Expected Outcome:	Dissemination of information at the front counter of all City Departments.

Housing Element Implementation

Goal O: To ensure participation of all economic segments of the community in the development of housing policy for Arroyo Grande.

Policies:

- O.1. The City shall encourage the participation of all residents of Arroyo Grande in the development of housing policies for the City.
- O.2. The City shall provide a brief summary of key information about housing-related issues in English and Spanish to help ensure widespread notice to all residents.

Programs:

- O.1-1. Prior to any public hearing where the City is considering amending or updating its Housing Element or housing policies, the City will notify all local housing organizations, as well as social service agencies, and post notices at significant locations in both English and Spanish.

Responsible agency/department:	Community Development
Timeframe:	On-going
Funding:	General Fund
Expected Outcome:	Provide information about housing programs.

Goal P: To utilize Redevelopment Agency funding to support affordable housing.**Policies:**

- P.1. The City Redevelopment Agency shall encourage affordable housing.

Programs:

- P.1-1. The City Redevelopment Agency shall develop a program whereby their housing set-a-side funds are utilized primarily to support low and very-low income housing.

Responsible agency/department:	Redevelopment Agency
Timeframe:	2004-05
Funding:	Redevelopment Agency
Expected Outcome:	Additional funding to support low and very-low income housing.

2.2 Summary of Quantified Objectives

The Final Environmental Impact Report prepared for the City's 2001 General Plan Update identified impacts to water resources, air quality and transportation/circulation as being potentially significant despite mitigation, necessitating adoption of a Statement of Overriding Considerations for approval of the General Plan. The water resources currently available to the City are 3,590 acre feet per year, which is considered the minimum supply during drought conditions capable of supporting a City of 20,000 residents (based on an average per capita rate of consumption of 160 gallons per day). This 20,000 population is considered build out for the City of Arroyo Grande, and is expected to be reached in the year 2021 given the recent trend of 1% average annual population growth experienced during the last ten years. The Regional Housing Needs Allocation of 1,192 units would have the City reach build out during the next five years,

or by 2008, rather than over a twenty year period as intended by the adopted 2001 General Plan.

A more recent accounting of the City's water resources and current rate of water consumption show that the City is utilizing approximately 94% of its total water supply. Although the 2003 Water Conservation Plan for the City is expected to reduce the average annual per capita consumption, the current water supply is not able to accommodate the Regional Housing Needs Allocation (RHNA). Given a 6% available water supply, the City is only able to accommodate an additional 429 housing units based on current consumption of 190 gallons per day per capita. If the Water Conservation Plan is successful and consumption is reduced to 160 gallons per person per day, a total of 509 additional units could be built.

Based on the Preliminary Housing Opportunity Sites Inventory (see Table 15 under Section 5.1) and excluding the specific "potential" projects accommodated by the 2001 General Plan not yet submitted or evaluated, the inventory indicates approximately 667 "approved or pending" projected units (note that since January 2001, 331 of the 667 residential units have already been issued building permits). It is projected that the prior decade and recent annual average construction rate of approximately 120 units per year will drop to less than 100 units per year, in part due to limited remaining sites, but mostly as a consequence of critical water resource constraints. Even if all the approved and pending projects are accomplished by July 2008, the community would achieve only two thirds of the Regional Housing Needs Allocated to the City.

In addition, current funding sources are not sufficient to provide the water and other infrastructure improvements necessary to accommodate the number of housing units required. To pursue implementation of the programs provided in the Housing Element, the City will seek State financial assistance.

In summary, the City has the land and densities available to accommodate the RHNA numbers, but not the available water supply. The City's rough quantified objective is therefore 509 dwelling units.

CHAPTER 3 – BACKGROUND INFORMATION

3.1 Introduction

The City of Arroyo Grande occupies 5.45 square miles (3,388 acres) of land along Highway 101 in southwestern San Luis Obispo County, as shown on Map 1. It is immediately adjacent to the west, southwest and south to urban development within the cities of Pismo Beach and Grover Beach, and the unincorporated community of Oceano, as shown on Map 2. Unincorporated lands adjoin the City to the north, east and south. Residential rural and suburban developments characterize unincorporated areas to the north and southeast of the City, while agricultural uses dominate the Arroyo Grande Valley that extends northeast and the Cienega Valley south of the City. Arroyo Grande Creek runs in a generally north-south direction through the eastern portion of the City.

3.2 Demographic Overview

Population Growth

The City of Arroyo Grande's population has grown from 3,291 in 1960 to 15,851, based on the 2000 Census. Population growth during the 1960's occurred rapidly, some years exceeding 12 percent. In the 1970's, growth slowed to an average of 7 percent, falling still further in the 1980's to less than 2 percent from 1980 to 1990. Annual population increases of less than one percent have been experienced during and since the 1990's.

According to the 2000 Census, Arroyo Grande grew 10.2 percent since 1990 to a 2000 population of 15,851. Table 1 depicts the growth that has occurred in Arroyo Grande from 1990 to 2000 as compared to the adjoining cities of Pismo Beach, Grover Beach, the County of San Luis Obispo, and the State of California. This table indicates that the growth that occurred in Arroyo Grande in the 1990's was less than the surrounding communities and below the State average.

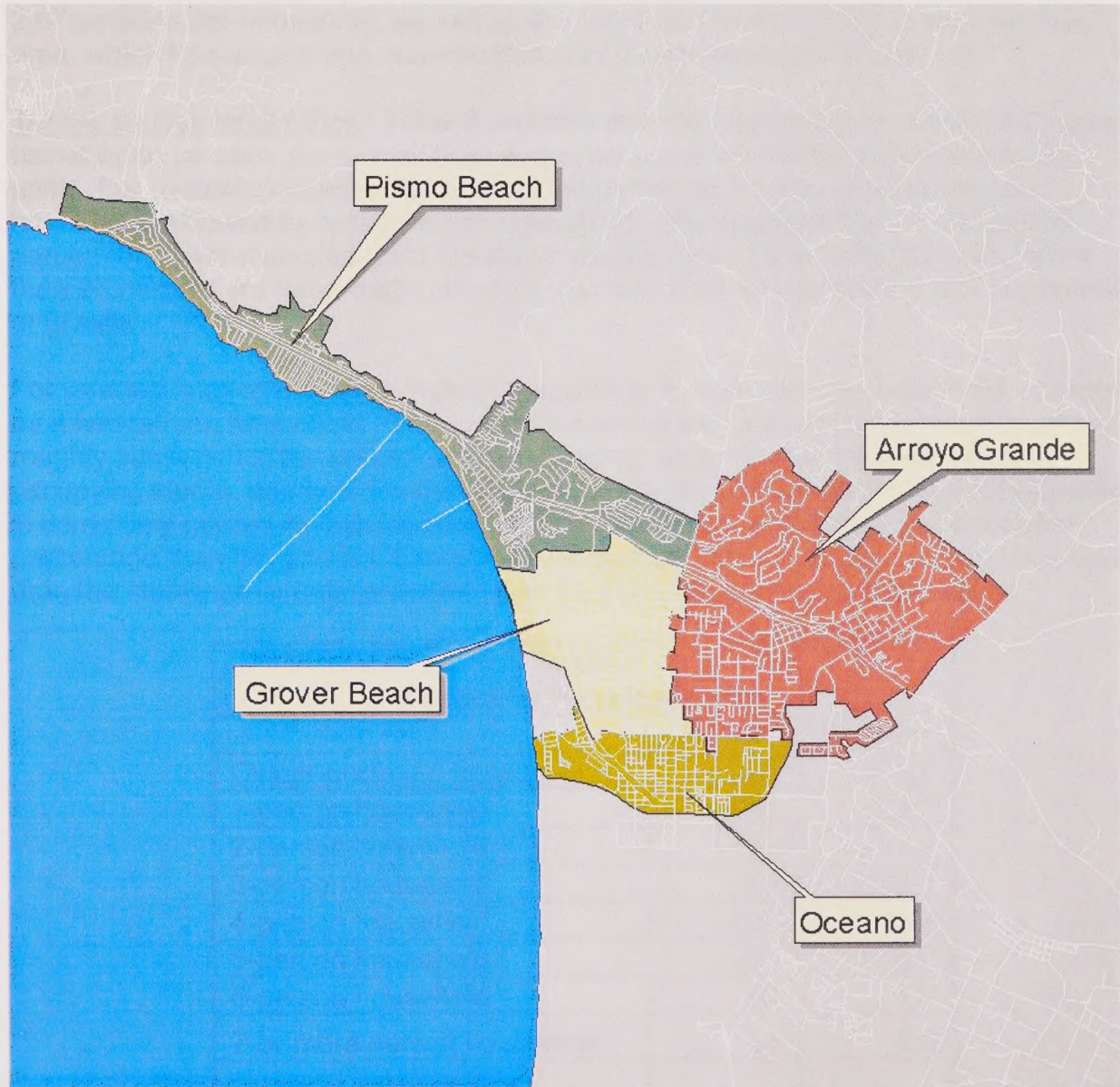
Table 1 Population Growth 1990-2000				
	1990	2000	Increase 1990-2000	% Increase 1990-2000
Arroyo Grande	14,378	15,851	1,473	10.2
Grover Beach	11,656	13,067	1,411	12.1
Pismo Beach	7,669	8,551	882	11.5
SLO County	217,162	246,681	29,519	13.6
California	29,760,021	33,871,648	4,111,627	13.8

Since 2000, Arroyo Grande has continued growth at a similar rate as in the 1990's. The State Department of Finance (DOF), as of January 1, 2002, estimated the population of Arroyo Grande to be 16,924. DOF has estimated the population growth through 2008, which corresponds to the Housing Element planning period, will average approximately 1 percent annually, with a population of 17,787 in 2008. Current estimates by the San Luis Obispo Council of Governments project the City's General Plan build-out population of approximately 20,000 residents by 2023, based upon an annual growth rate of 1 percent.

MAP 1 – REGIONAL LOCATION MAP



MAP 2 – SOUTH COUNTY LOCATION MAP



Household Data

Household Size. The overall average household size in Arroyo Grande is 2.41, with owner-occupied units averaging 2.45 persons per household and renter-occupied units averaging 2.33 persons per household. For comparison purposes, the City's average household size in 1990 was 2.48. The State of California has a larger household size of 2.87 persons per household, as well as the San Luis Obispo County unincorporated area, which has an average household size of 2.49 persons per household.

Tenure by Household Size. Table 2 provides specific information on household sizes based upon persons per unit for both owner-occupied and renter-occupied housing units. For owner-occupied units, the highest percentage is that of a two-person household, followed by a one-person household. This suggests that more than 60 percent of owner-occupied units are either studios, one or two-bedroom units; more than 25 percent are three-bedroom units; and less than 10 percent are four bedrooms or greater.

For renter-occupied units, the highest percentage is a one-person household, followed by a two-person household. The implication about the types of rental housing units is roughly same as for the owner-occupied housing units, with the majority of renters occupying studio, one and two-bedroom units. Clearly, a four-person household, which is commonly utilized for establishing median incomes, is generally a much smaller percentage than the one and two person household. These figures are generally lower than the statewide or unincorporated San Luis Obispo County-wide averages.

Table 2 Tenure by Household Size		
	Number	Percent
<u>Owner-occupied housing units</u>	4,528	100.0
1-person household	1,032	22.8
2-person household	1,876	41.4
3-person household	652	14.4
4-person household	624	13.8
5-person household	248	5.5
6-person household	62	1.4
7-or-more person household	34	0.8
<u>Renter-occupied housing units</u>	1,950	100.0
1-person household	734	37.6
2-person household	512	26.3
3-person household	300	15.4
4-person household	238	12.2
5-person household	104	5.3
6-person household	41	2.1
7-or-more person household	21	1.1

Tenure by Age of Householder. Table 3 indicates the occupancy of housing units by age of the householder. The largest percentage by age of householder is that of the 65 and older range for owner-occupied units, followed by the 45 to 54 age range. For renter-occupied housing units, there is not as much of a dominant age group, with the 25-34 and 35-44 age range having the higher percentages.

Table 3 Tenure By Age of Householder		
	Number	Percent
Owner-occupied housing units	4,528	100.0
15 to 24	16	0.4
25 to 34	260	5.7
35 to 44	820	18.1
45 to 54	1,014	22.4
55 to 64	720	15.9
65 years and over	1,698	37.5
65 to 74	782	17.3
75 to 84	679	15
85 years and over	237	5.2

	Number	Percent
Renter-occupied housing units	1,950	100.0
15 to 24	173	8.9
25 to 34	432	22.2
35 to 44	467	23.9
45 to 54	342	17.5
55 to 64	151	7.7
65 years and over	385	19.7
65 to 74	150	7.7
75 to 84	166	8.5
85 years and over	69	3.5

Households by Type. According to the 2000 Census, 67.2 percent of Arroyo Grande's population was family households, and 32.8 percent were in non-family households. Table 4 provides the complete information on households by type.

**Table 4
Households By Type**

	Number	Percent
Total households	6,478	100.0
Family households (families)	4,350	67.2
With own children under 18 years	1,881	29.0
Married-couple family	3,561	55.0
With own children under 18 years	1,423	22.0
Female householder, no husband present	612	9.4
With own children under 18 years	365	5.6
Non-family households	2,128	32.8
Householder living alone	1,766	27.3
Householder 65 years and over	933	14.4
Households with individuals under 18 years	2,025	31.3
Households with individuals 65 years and over	2,219	34.3
Average household size	2.41	n/a
Average family size	2.94	n/a

Ethnic Composition. According to the 2000 Census, Arroyo Grande's population is 11.2 percent Hispanic and 88.8 percent not Hispanic. Of the not Hispanic, white alone makes up 82.7 percent of the population, with the remaining population being African American, American Indian, Asian, or Pacific Islander.

Age and Sex Distribution. Based upon the 2000 Census, it is noted that 25.6 percent of the population of Arroyo Grande is 19 years and under, 44.3 percent of the population is between 20 and 54 years, and 30.1 percent is 55 years or older. The highest percentage (15.6%) is in the 35 to 44 age range, followed by the 45 to 54 age range (15%). The median age in years is 41.9. These statistics generally reflect an older age range than the State as a whole, with a higher percentage of those considered in a senior range (55 or over). The ratio of male to female in the total population for Arroyo Grande is male (47.1%) to female (52.9%).

Comparing the above to the 1990 Census, 25.7% of the population was 19 years and under, 45.5% were between 20 and 54 years, and 28.7% were 55 years and older. This is generally similar to the 2000 statistics, with the exception of a small increase in the senior population. The ratio of male to female in 1990 was generally the same as the 2000 figures.

Incomes

According to 2000 Census data, the median income for Arroyo Grande households as of 1999 was \$48,236. This compares to a 1989 median household income (1990 Census) of \$34,796. The median income for the households for the State as a whole in

1999 was \$47,493. The State 1999 median family income was \$55,494, compared to a 1989 figure of \$40,504. The median income for families for the State as a whole in 1999 was \$53,025. The per capita income for 1999 was \$24,311, compared to \$16,583 in 1989. The per capita income for 1999 for the State as a whole was \$22,711.

The largest percentage income category for household income in 1999 was in the \$50,000 to \$74,999 range (25.3%). This compares to the largest percentage income category for household income in 1989 of \$35,000 to \$49,999 (21.2%).

Another method to evaluate income is to determine levels of poverty status in a community. According to the 2000 Census and based upon 1999 incomes, 191 families or 4.3 percent in Arroyo Grande were considered below the poverty level. This compares to 1990 Census data (1989 incomes) for 262 families or 6.4% that were considered to be below the poverty level.

Employment

The 2000 Census provides data on employment for Arroyo Grande residents. Table 5 provides a breakdown of the employed population 16 years and older by occupation. The largest percentage category is that of management, professional, and related occupations (37.5%). The second largest category (29.7%) is that of sales and office occupations. Table 6 provides a breakdown of employed residents by industry. The largest industry category is that of educational, health and social services (20.4%), followed by retail trade (14.5%).

Table 5		
Employed Civilian Population 16 Years and Over		
<u>Occupation</u>	Number	Percent
Management, professional, and related occupations	2,691	37.5
Service Occupations	1,115	15.5
Sales and office occupations	2,130	29.7
Farming, fishing, and forestry occupations	34	0.5
Construction, extraction, and maintenance occupations	612	8.5
Production, transportation, and material moving occupations	599	8.3
Total	7,181	100.0

The State Economic Development Department (EDD) provides statistics on job growth. EDD has reported that job growth in Arroyo Grande in the period of 1991 to 2000 increased by 1,230, or 15.95 percent (1.595 percent annually). EDD has forecasted that Arroyo Grande will increase jobs by 1,320 in the period of 2001 through 2008 (current housing planning period), for an increase of 14.35 percent over the 8-year period, or 1.79 percent annually. It is assumed that, based upon recent employment trends, the majority of the job growth in Arroyo Grande will be in the retail trade and government sectors (e.g. education, health, etc.).

Table 6 Industry		
Agriculture, forestry, fishing and hunting, and mining	156	2.2
Construction	518	7.2
Manufacturing	471	6.6
Wholesale trade	255	3.6
Retail trade	1,042	14.5
Transportation and warehousing, and utilities	551	7.7
Information	196	2.7
Finance, insurance, real estate, and rental and leasing	363	5.1
Professional, scientific, management, administrative & waste management services	680	9.5
Educational, health and social services	1,468	20.4
Arts, entertainment, recreation, accommodation and food services	621	8.6
Other services (except public administration)	416	5.8
Public administration	444	6.2

Another issue related to employment and residency is the matter of commuting to work. Census data indicates that of the 7,095 area workers 16 years and over 5,696 or 80.3 percent drove to work. Only 16 or 0.2 percent utilized public transportation. The mean travel time to work was 21.6 minutes. This would apparently indicate that a majority of the City's working residents are commuting to jobs outside of Arroyo Grande. To illustrate this point, the **Transportation, Warehousing and Utilities** category includes Cal Trans and Diablo Canyon/PG&E, both major employers in the San Luis Obispo County area with corporate offices located outside the City. Another example of this is the **Educational, Health and Social Services** category, which for this area includes Cal Poly State University, the Men's Colony, County Government, Cuesta College, Sierra Vista Hospital and French Hospital. Finally, **Public Administration** would include State or County general employment. Clearly, the City cannot replicate a job for an individual whose employment is established with one of these large organizations.

3.3 Housing Characteristics

Types of Housing

As of the 2000 census, there were 6,806 housing units in the City of Arroyo Grande, a 747 unit increase from 1990. Table 7 provides a breakdown of the total housing units by type of structure. As indicated, the vast majority of the units (75%) in Arroyo Grande are single-family units. Since January 2001, according to the City's Building Department records, an additional 431 dwelling units have been permitted.

Table 7 Total Housing Units		
	Number	Percent
Total Housing Units	6,806	100.0
Units in Structure		
1-unit, detached	4,516	66.4
1-unit, attached	590	8.7
2 units	111	1.6
3 or 4 units	382	5.6
5 to 9 units	181	2.7
10 to 19 units	136	2.0
20 or more units	337	5.0
Mobile home	544	8.0
Boat, RV, van, etc.	9	0.1

Rental and owner-occupied Units

Of the 6,478 occupied housing units in the City based upon the 2000 Census, 4,528 or 69.9 percent were owner-occupied in 2000, while 1,950 or 30.1 percent were renter-occupied. In addition to the occupied units, the Census reported 272 vacant units, 116 units for seasonal, recreational or occasional use. No migratory or transitional units were reported.

Vacancy Rates

Vacancy rates are commonly used as an indicator of housing market activity in a given area. The individual vacancy rate for a community theoretically measures the health of the local housing market. The vacancy rate is a percentage of the total housing stock that is vacant and/or available for sale or rent at any one time. Generally, a 2 percent vacancy rate in units available for owner-occupancy and a 6 percent rate for rental units are considered desirable to keep prices down and to ensure that units are available to new and relocating residents.

The 2000 Census provides data on housing units and their vacancy rates. For Arroyo Grande, it was reported that there was a 0.8 vacancy rate for owner-occupied units and a 2.9 percent vacancy rate for rental units. This is below the optimal rates described above and indicates a shortage of housing units in the City. However, this is not an uncommon statistic in the south San Luis Obispo County area. Grover Beach has an overall total unit vacancy rate of 2.9 percent, Pismo Beach as a rate of 5.1 percent, while the City of San Luis Obispo has an overall rate of 2.8 percent.

Overcrowded Units

A common method of measuring overcrowding is to compare the number of persons to the number of rooms in the unit. According to State guidelines, overcrowding is defined as a household that has more than 1.01 persons per room (not including kitchens and bathrooms). In Arroyo Grande, the data collected from the 2000 Census show that 4 percent of all occupied units were overcrowded, based upon the 1.01 persons per room

guideline. Census data further indicates that 114 units or 1.7 percent of the total occupied housing units had between 1.01 and 1.50 occupants per room, and 149 or 2.3 percent of all units had over 1.51 occupants per room.

The 4 percent overcrowded rate is compared to San Luis Obispo County as a whole, which has a 5.6 percent overcrowded rate, and the State of California, which has an overall rate of 15.2 percent.

It is noted that the lower rate for Arroyo Grande may be explained by the fact that the City has a lower rate of persons per household than many communities, which possibly lowers the incidence of overcrowding. While the rate may in comparison be lower than many other communities, the incidence of overcrowding is still an issue. The problem of overcrowding for large families can be addressed by the construction of larger units. However, the overcrowding issue goes beyond family size to affordability issues. Even single individual and small families may suffer from overcrowding. Due to limited incomes and high housing costs and rents, they may be forced to double up with extended family members or non-relatives in similar circumstances. There is a need to ensure that larger housing unit sizes, especially for rental units, be constructed in the City to address the overcrowding issue.

Age of Housing Units

The age of housing is an important characteristic of its relative condition as older units tend to be in greater need of repair. Many federal and State programs use age of housing to determine potential housing rehabilitation needs. Typically, the useful life of major components of an average quality housing structure ranges from 20 to 30 years for items such as roofing, plumbing, landscaping, paving and electrical. When a housing unit is over 30 years old, the replacement or refurbishing of major components is an important factor in the ability of a community to provide safe, decent and sanitary housing.

Table 8 provides a breakdown of the age of housing units in Arroyo Grande as of the year 2000. In reviewing this table, the largest percentage of the housing units was constructed between 1970 and 1979 (28.4%), followed by units built 1980 and 1989 (20.1%). The table indicates that 292 units were build prior to 1940.

Table 8 Year Structure Built		
Year Structure Built	Number	Percent
1999 to March 2000	211	3.1
1995 to 1998	500	7.3
1990 to 1994	508	7.5
1980 to 1989	1,371	20.1
1970 to 1979	1,931	28.4
1960 to 1969	958	14.1
1940 to 1959	1,035	15.2
1939 or earlier	292	4.3

Condition of Units

One of the issues required by State housing element law for discussion and analysis is the condition of the community's housing stock. The purpose for this is to provide a basis for determining which units are in need of rehabilitation and which units may be beyond feasible repair and determined to be in need of demolition and replacement. One of the guidelines set by the State is that units that were constructed before 1960 may be eligible for repair and/or rehabilitation to maintain those units in the existing housing stock. This is a general criterion, in that many older communities like Arroyo Grande have many older units that have already been repaired and/or rehabilitated to maintain the historical nature of the community.

Based upon the review of Table 8, 1,327 or 19.5 percent of the total housing units in the City were built prior to 1960. While these numbers could represent an estimate of the number of housing units that could be analyzed for rehabilitation need, the 1993 Housing Element survey was conducted to determine the structural conditions of housing in Arroyo Grande. The structural condition of housing units reported as "sound", in need of "minor rehabilitation", "moderate rehabilitation", "substantial rehabilitation", or "dilapidated". The survey utilized a point system to evaluate the housing units in the City. The results of this survey was that 99.3 percent of the 1993 housing units were in "sound" condition, 0.4 percent or 26 units were in need of "minor rehabilitation", 0.3 percent or 13 units were in need of "moderate rehabilitation" and 1 unit was in need of "substantial rehabilitation". No units were determined to be dilapidated. The conclusion of the survey was that virtually all housing units were in sound condition and the overall appearance of the City is of well maintained homes. To update the findings of the 1993 housing survey, City staff conducted a windshield survey of housing units in the older neighborhoods where housing conditions may be an issue. The survey located less than ten units that appear in need of substantial rehabilitation or removal.

Housing Prices

One of the key issues affecting the ability to purchase a housing unit in Arroyo Grande and San Luis Obispo County as a whole is the price of housing units. This is an issue of importance to the whole Central Coast, including Santa Cruz, Monterey, San Luis

Obispo, Ventura and Santa Barbara counties. According to the 2000 Census, the median value of a home in San Luis Obispo County was \$230,000.00. For Arroyo Grande, the Census reported the median value of a home at \$233,200.00. Median means a point where 50 percent of housing prices (or rental rates), are below the listed number and 50 percent are above. While these statistics reflect housing prices in 2000, housing prices in San Luis Obispo and Arroyo Grande have significantly increased since 2000.

A review of current housing prices was conducted. In many counties in the State, data on median housing prices are reported on a monthly basis for the county as a whole. Generally, local realtor associations provide this information. In January of 2003, the San Luis Obispo *Tribune* newspaper reported the median home prices for all the individual cities in San Luis Obispo County as well as for the County as a whole. Table 9 provides the median home values as of December 2001 and December 2002, as well as the percentage change. This table indicates that the median home price for the County of San Luis Obispo increased 23 percent from 2001 to 2002. For Arroyo Grande, the median home price in the same period increased 20.51 percent, with a December 2002 median home price of \$473,888.00.

The most recent county median home price was reported by the California Association of Realtors at \$357,380.00 for March of 2003, which is drop from the reported figure in February, 2003 of \$361,610.00.

Table 9 Home Prices			
Location	December 2001 Median price	December 2002 Median price	Percent change
Countywide	\$286,540	\$352,320	23.0
Grover Beach	\$267,500	\$356,550	33.3
Arroyo Grande	\$393,250	\$473,888	20.5
Pismo Beach	\$500,000	\$481,500	-3.7
Oceano	\$268,000	\$249,000	-7.1
San Luis Obispo	\$419,500	\$475,000	13.2
Nipomo	\$320,750	\$377,250	17.6

Rental Unit Rates

As with housing prices, rental rates in the Central Coast, San Luis Obispo County, and the City of Arroyo Grande have become a major issue for those desiring to rent a unit for occupancy. Again, according to the 2000 Census, median contract rents in San Luis Obispo County was reported at \$654.00 per unit, with median gross rent reported at \$719.00 per unit. For Arroyo Grande, median contract rent was reported at \$683.00, with a median gross rent reported at \$725.00. Like housing prices, rents charged for housing units has significantly increased since those reported in 2000.

In order to provide a more current reporting of monthly rental rates, a survey of rents listed in the *Tribune* Newspaper were tabulated for the City of Arroyo Grande (February, 2003)

Apartments – Rents

1 bedroom - \$775.00
 1 bedroom - \$775.00
 2 bedroom - \$795.00
 2 bedroom - \$825.00
 2 bedroom - \$850.00
 2 bedroom - \$900.00
 2 bedroom - \$900.00
 2 bedroom - \$950.00
 3 bedroom - \$1,050.00

Home rentals - Rents

2 bedroom - \$1,200.00
 2 bedroom - \$1,295.00
 2 bedroom - \$1,400.00
 2 bedroom - \$1,400.00
 3 bedroom - \$1,200.00
 3 bedroom - \$1,300.00
 3 bedroom - \$1,500.00
 3 bedroom - \$1,500.00
 3 bedroom - \$1,595.00
 3 bedroom - \$1,750.00
 3 bedroom - \$1,795.00
 3 bedroom - \$2,050.00
 3 bedroom - \$2,485.00
 4 bedroom - \$1,700.00
 4 bedroom - \$1,700.00
 4 bedroom - \$1,800.00
 4 bedroom - \$2,395.00

While the above rental analysis involves a limited number of housing units that are available for rent, the data does give a prospective on rents being asked in Arroyo Grande. For one-bedroom apartments, the average asking rent was \$775.00. For two-bedroom apartments, the average asking rent was \$867.00. Only one three-bedroom unit was listed at \$1,050.00. For homes being rented, the average asking rent for a two-bedroom unit was \$1,324.00. For a three-bedroom unit, the average was \$1,686.00. For a four-bedroom unit, the average was \$1,899.00.

CHAPTER 4 - REGIONAL HOUSING NEEDS, AFFORDABILITY AND SPECIAL HOUSING NEEDS

4.1 Regional Housing Needs Determinations

State law requires councils of government to prepare Regional Housing Needs Plans (RHNP) for all cities and counties within their jurisdiction. The intent of the housing allocation plans is to ensure adequate housing opportunities for persons of varying incomes and to support housing efforts for the local communities. The State Department of Housing and Community Development (HCD) provides guidelines for preparing such plans, and ultimately certifies the plans as adequate. Once the plan is certified, it provides the basis for local jurisdictions to prepare their housing element updates as specified by State law.

The entity commissioned to prepare the Regional Housing Needs Plan (RHNP) for San Luis Obispo County, including the City of Arroyo Grande, is the San Luis Obispo Council of Governments (SLOCOG). During 2002, SLOCOG conducted an analysis of housing needs in the county as well as housing needs set by HCD. To develop estimates of future housing needs by jurisdiction, SLOCOG evaluated past construction trends, the relationship between job and housing opportunities, public service availability, as well as housing needs provided by the State. SLOCOG, in its preparation of the Plan, considered the following factors in its distribution of the housing needs to the individual jurisdictions:

- The jurisdiction's employment base and population growth in relation to regional-wide share of employment and anticipated growth; and
- The extent to which a jurisdiction's current income distribution differs from that of the regional average; and
- The HCD determined regional housing needs; and
- The capacity of the presently zoned land in the unincorporated county area for residential development in the above moderate-income category.

The RHNP was adopted by SLOCOG in early 2003 and was subsequently accepted by HCD. The RHNP is intended to assure that adequate sites and zoning exist to address anticipated housing demand during the planning period (January 1, 2001 through June 30, 2008). This Plan sets targets to ensure the availability of sites to accommodate the housing needs of a range of socioeconomic segments of a community. This Plan is incorporated by reference into this document and is available from SLOCOG.

Within the total number of housing units that need to be accommodated, specified housing units within specific income levels are designated. State law requires that RHNP's divide the specified housing allocation into four income groups. The groups are defined as percentages of county median income. Table 10 displays the criteria for the four income groups for the City of Arroyo Grande.

Table 10 Income Group	
Very Low	Household income is less than 50% of the county median income.
Low	Household income is between 50% and 80% of the county median income.
Moderate	Household income is between 80% and 120% of the county median income.
Above Moderate	Household income is greater than 120% of the county median income.
<i>Source: HCD Income Definitions</i>	

The breakdown of existing households by income categories within Arroyo Grande is presented in Table 11.

Table 11 Income Distribution by Households – Census 2000					
	Very Low	Low	Moderate	Above Moderate	Totals
Arroyo Grande	20%	15%	18%	47%	100%
Atascadero	19%	15%	19%	47%	100%
Grover Beach	22%	19%	23%	36%	100%
Morro Bay	30%	19%	19%	32%	100%
Paso Robles	24%	19%	21%	36%	100%
Pismo Beach	24%	16%	15%	45%	100%
San Luis Obispo	35%	17%	16%	32%	100%
County Unincorporated	18%	15%	19%	48%	100%
Regional Total	23%	16%	18%	43%	100%
<i>Source: San Luis Obispo Council of Governments</i>					

Table 11 indicates that Arroyo Grande has a higher percentage of housing affordable to households in the above moderate income category and a lower percentage of housing available to low and very-low income households. To determine regional housing allocations by income group, SLOCOG set goals that suggest that jurisdictions move toward parity in the percentages of housing available for each income group. Thus, to meet the objective of the RHNP, Arroyo Grande should aim to provide a higher percentage of low and very-low income housing and a lower percentage of above moderate housing than currently exist.

The Regional Housing Needs Plan or RHNP, as adopted, set forth housing goals for the City of Arroyo Grande. The total number of dwelling units that needs to be

accommodated during the planning period for Arroyo Grande is 1,192 housing units, as outlined in Table 12. The allocation for the very low and low income categories is roughly 45 percent.

Table 12 Units By Income Category					
	Very Low	Low	Moderate	Above Moderate	Totals
Arroyo Grande	310	223	259	400	1,192
Atascadero	345	254	304	456	1,359
Grover Beach	178	142	166	200	686
Morro Bay	185	122	129	162	599
Paso Robles	627	467	520	651	2,266
Pismo Beach	150	102	105	173	531
San Luis Obispo	1,484	644	870	1,185	4,383
County Unincorporated	1,029	778	929	4,284	7,020
Regional Total	4,308	2,933	3,283	7,511	18,035
<i>Source: San Luis Obispo Council of Governments</i>					

According to the 1990 Census, there were 6,059 housing units in Arroyo Grande. In 2000, that figure increased to 6,806. Thus during the years between 1990 and 2000, based upon Census figures, an average of 75 housing units have been constructed annually in Arroyo Grande. This number has been verified by City building records. Applying this trend to the next housing planning period (January 1, 2001 to June 30, 2008), 563 housing units would be constructed. However, with the RHNP allocation, an average annual construction goal of 158 housing units would have to be accommodated. Thus to meet the goals of the RHNP, additional units per year would have to be accommodated, particularly for very low and low income households.

Since the beginning of the housing planning period, January 1, 2001, and through June 30, 2003, 331 housing units have been permitted according to the City Building Department records. It has been estimated that all of these units are in the above moderate category. This would reduce the total number of units in the RHNP from 1,192 to 861. However, considering that these units are all in the above moderate range, it would reduce this income category only, from 400 to 87 remaining. None of the very-low, low or moderate-income housing units allocated by the RHNP have been constructed since January 2001.

According to San Luis Obispo County Planning and Building Department, based upon federal income standards, in March 2003 the median household income for a family of four in San Luis Obispo County was \$57,700.00. Based on the income categories provided in Table 10, Table 13 indicates the income levels for the four income categories for 2003.

Table 13
Income Limits

Persons in Family	Very Low Income	Lower Income	Median Income	Moderate Income
1	\$20,200	\$32,300	\$40,400	\$48,500
2	\$23,100	\$36,950	\$46,150	\$55,400
3	\$25,950	\$41,550	\$51,950	\$62,350
4	\$28,850	\$46,150	\$57,700	\$69,250
5	\$31,150	\$49,850	\$62,300	\$74,800
6	\$33,450	\$53,550	\$66,950	\$80,350
7	\$35,750	\$57,250	\$71,550	\$85,850
8	\$38,100	\$60,950	\$76,150	\$91,400

Source: San Luis Obispo Department of Planning and Building, March 2003

4.2 Housing Affordability

One of the key issues facing the provision of housing in the State of California, as outlined in Chapter 1, is the affordability of housing. The ability to acquire safe and sound housing is becoming a major social and economic issue. It is affecting decisions regarding the location of employment opportunities, community members having to commute longer distances between their employment and their residences, as well as the overall quality of life. This is a major issue especially in the central coast of this State, where San Luis Obispo County and the City of Arroyo Grande are located. This issue not only affects people with special housing needs, but the population in general. This housing affordability issue is further complicated by the lack of financial and other resources available to mitigate the current housing situation.

The issue of housing affordability is a relationship between household income and the price of housing. There are a number of factors and statistics to measure the issue of housing affordability. These factors and statistics are discussed below.

Factors and statistics

Table 13 provides the income limits set forth by the Federal Government to define the income groups listed in Table 10. These are the income limits as of March, 2003. The County of San Luis Obispo outlines the rents and sales prices for housing in accordance with the income levels, which are summarized in Table 14.

Table 14 Affordable Housing Standards Rents and Sales Prices			
Monthly Rents			
	Very Low Income	Lower Income	Moderate Income
Studio	\$505	\$606	\$619
1 bedroom	\$577	\$692	\$699
2 bedroom	\$649	\$779	\$886
3 bedroom	\$779	\$935	\$1,232
4 bedroom	\$837	\$1,004	\$1,454

Initial Sale Prices			
	Very Low Income	Lower Income	Moderate Income
Studio	\$80,396	\$123,220	\$191,092
1 bedroom	\$91,839	\$140,758	\$218,290
2 bedroom	\$103,381	\$158,448	\$245,724
3 bedroom	\$123,977	\$190,015	\$294,679
4 bedroom	\$133,231	\$204,198	\$316,674

The rents and sales prices provided in Table 14 are based upon generally accepted standards and assumptions. The maximum monthly rents include the average estimated costs of utilities. Following are the formulas for rent limits:

- For very-low income households, affordable monthly rents shall not exceed 30% of 50% of the annual County median household income for the number of persons expected to reside in the unit, divided by 12.
- For lower-income households, affordable monthly rents shall not exceed 30% of 60% of the annual County median household income divided by 12.
- For moderate-income households, affordable monthly rents shall not exceed 35% of 110% of the annual County median income divided by 12.

The maximum sales prices for affordable housing are based on a formula that accounts for what a typical very-low income, low-income or moderate household can afford to pay for housing, following HUD guidelines. Sales prices are determined by multiplying the annual income limit of the income group, adjusted for household size, by 2.5 for very-low and lower income households, and by 3 for moderate-income households. These calculations include assumptions for utilities and taxes, the mortgage interest rate, as well as a typical down payment.

In order to place the income limits in context with the number of persons per unit, the City of San Luis Obispo has developed standards for the varying unit sizes as follows:

- *Studio unit* – assume the income limit for a one-person household
- *One-bedroom unit* – assume the income limit for a two-person household
- *Two-bedroom unit* – assume the income unit for a three-person household
- *Three-bedroom unit* – assume average of limits for four and five-person household
- *Four-bedroom unit* – Assume the income limit for a six-person household

Based upon median housing prices and rent levels provided in this document, it is safe to assume that housing prices and rent levels are above the median incomes, and only above moderate income levels can afford current housing prices and rental levels.

Another measure of the affordability of housing is statistics generated by local realtor associations. According to an article published in the San Luis Obispo *Tribune* newspaper, the median-priced home in San Luis Obispo County in May of 2003 was \$388,360. Based upon a traditional loan, a homebuyer would need to purchase a median priced home with an annual income of \$90,000, assuming a 5.72% mortgage rate and 20% down. According to the California Association of Realtors, the authors of the data, only 17 percent of county residents could afford the median priced home. The median home price is the statistical point where half of the homes sell for more and half for less. For Arroyo Grande, the median income reported for December 2002 was higher than the county median as a whole, which would imply that the affordability rate in Arroyo Grande might be less than that of the county. This overall affordability rate compares to 28 percent of Californians that can afford the State median priced home (\$352,780). The *Tribune* article noted that the San Luis Obispo county median income was \$57,914 in 2002, which is compared to the statewide median for 2002, which was \$62,849. This documents that one of the issues of housing affordability in San Luis Obispo County (and assuming Arroyo Grande), is that median incomes are lower and median home prices are higher than the State average.

Overpayment

Another measure of housing affordability is the percentage of income paid for housing. State housing guidelines utilize a 30 percent of gross income paid for housing as the standard affordable level, with those households paying 30 percent or more as overpayment. According to the 2000 Census, 1,102 households or 28.3 percent of the owner-occupied units were paying monthly housing costs at 30 percent or above. For renter-occupied housing units, 902 households or 45.8 percent paid 30 percent or more for rent compared to household income.

Long-Term Affordability

One of the issues of the housing programs proposed by this Housing Element Update is a policy that all affordable housing provided by City incentives be maintained as affordable for at least a period of 30 years. This issue of long-term affordability is a subject of a number of existing programs that ensure that affordable units maintain their status. The issue of long-term affordability is different for rental and owner-occupied units.

Rental housing affordability is generally maintained through recorded agreements between a property owner and an entity authorized by a City to monitor maintenance of affordability requirements. These agreements typically specify the following: a) the maximum rents based on the same formula that established initial rents as a condition of City approval; b) the term for which rental units must remain affordable; and c) terms which affordability is maintained after sale or transfer of property. Under the policies of this Element, all projects that receive a City incentive, the units must be affordable for a period of at least 30 years. Many of these projects have State or federal funding, which provide very specific requirements for maintaining affordability.

Based upon the Housing Affordable Standards set forth by the City of San Luis Obispo, there are two different approaches to maintaining long-term affordability for owner-occupied units: 1) the property owner agrees to maintain the designated dwelling unit as affordable for at least 30 years; or 2) the property owner agrees to participate in a "shared equity purchase program. Under the long-term affordability program, the housing must remain affordable for at least 30 years from the original date of sale, which is a policy of this Element. Affordability terms are secured by a promissory note and deed of trust, recorded on the property prior to or concurrent with the initial occupancy (for rental units) or sale of property. The promissory note is based on the monetary difference between the initial purchase and the initial appraised value as an "affordability loan" or "silent second" payable to the City. The loan accrues interest at a rate set by the City when the note is executed, amortized over 30 years. Monthly payments (principal plus interest) on the affordability loan are typically waived as long as eligible residents continue to own and reside in the property. Upon sale, transfer, gift or inheritance of the property, the City, its Housing Authority, or a non-profit agency approved by the City, shall have the first right of refusal to purchase the property at its current appraised value. The consideration for the City's first right of refusal shall consist of 1 percent of the remaining affordable loan balance. The balance of the City's loan, after deduction the 1 percent first right of refusal cost, shall be credited toward the purchase price if the City, its Housing Authority or non-profit agency chooses to exercise its purchase option.

Under the equity-sharing program, the buyer of an affordable dwelling enters into an agreement with the city guaranteeing affordability for a specified period of time after the initial date of sale. Upon resale of the property, the agreement ensures that the City's share returns to the City for use in other affordable housing developments. The City's equity share is based on the difference between the property's market value and the actual price paid by the homeowner, divided by the market value, or the amount of subsidy provided by the city, divided by the property's market share. Affordable units sold before the specified period are subject to an additional "Equity Recapture Fee" ranging from 25 to 100 percent of the property's equity.

It is apparent, based on this data regarding the supply of housing units, including the lack of supply of rental units, and with the projected needs, that the households that appear to be in the greatest need of housing assistance are of low and very-low income.

4.3 Special Housing Needs Groups

This section reviews the characteristics of households with special housing needs, including elderly or senior households, female heads of households with minor children, large family households, overcrowded units, farmworker households, and disabled persons/households. Homeless people who cannot afford any housing are also discussed in this section.

Elderly/Senior Households

An analysis of the needs of elderly or senior households or persons is important for four reasons: 1) many elderly have fixed, limited incomes; 2) many elderly persons are "over-housed" (living alone or with 2 people in a three or four bedroom house); 3) some elderly have mobility and health problems that can create special housing needs; and 4) recent projections indicate an increase in the elderly population in the planning period, either those currently living in the area or those that will be relocating to the area.

There are, according to the 2000 Census, 3,222 residents age 65 years and older in Arroyo Grande, which is 20.3 percent of the total population. This number is compared to San Luis Obispo County, where 14.5 percent of the residents are 65 and over. Owner occupied households with householders 65 years and over totaled 1,732, which is 82.4 percent of the total elderly households.

According to the 2000 Census, there are a total of 4,528 owner occupied housing units and 1,950 renter-occupied housing units. In respect to elderly households, the following represents householders by tenure and age in the City of Arroyo Grande:

- Of the total owner-occupied family housing units, 1,012 are occupied by a householder 65 years and over.
- Of the total non-family owner-occupied units, 686 households are occupied by a householder 65 years and over.
- Of the total non-family owner-occupied units, 125 are occupied by a male householder 65 years and over and 516 are occupied by a female householder 65 years and over.
- Of the total renter-occupied family households, 85 are occupied by a householder 65 years and over.
- Of the total non-family renter-occupied housing units, 300 are occupied by a householder 65 years and over.
- Of the total non-family renter-occupied housing units, 64 are occupied by a male householder 65 years and over and 228 are occupied by a female householder 65 years and over.

Income levels for a householder 65 years and over below the poverty level are reported by the 2000 Census as follows:

- Of the total 105 owner-occupied housing units, 48 are occupied by a householder 65 years and over.
- Of the total 338 renter-occupied housing units, 66 are occupied by a householder 65 years and over.

Several studies predict the age of future residents in the Central Coast area. A recent study (April, 2003) commissioned by the *Tribune* newspaper and conducted by the Solimar Research Group evaluated the future increase in population predicted in San Luis Obispo County. The study assumed that the county would gain 100,000 persons within the next 15 years. Of the age categories evaluated, the age groups of 40-59 and 60-plus showed the largest increases. For the 40-59 age group, the study estimates this group to increase 68 percent and with a median income above the current county median income. The study further predicted that retirees in the 60-plus age group would increase 49 percent, with a median income 9 percent below the county median income. The study indicated that this increase is not only a result of current residents aging, but that of many Californians relocating from the San Francisco Bay area, the Los Angeles area and the Central valley.

Female Heads of Families with Minor Children

The 2000 Census reported that of the total 6,478 households, there were 612 female-headed households in Arroyo Grande. This represents 9.4 percent of the total households. Of these households, 365 of the 612 or 60 percent had children less than 18 years of age. Based upon the Census data for incomes in 1999 for families below the poverty level, 61 families with a female householder, no husband present and with related children under 18 years were reported, with 18.3 percent under poverty level.

Large Families/Households

Large families can present special housing needs if they cannot find affordable, large housing units, then living conditions may become overcrowded. Table 2 shows the total occupied housing units by the number of persons living within each unit. This information is shown for owner-occupied and rental housing.

For owner-occupied units, the highest percentage is for a 2-person unit (41.4%). Less than 8 percent of the owner-occupied households are occupied by five or more persons. For renter-occupied units, the highest percentage is a one-person household (37.6%). Less than 9 percent of the renter-occupied units are occupied by five or more persons. These numbers are generally low compared to the State as a whole, as well as many cities and counties. The existence of large families does not necessarily indicate an overcrowding problem if there are a sufficient number of larger housing units for these types of families.

Farmworker Households

According to the 2000 Census, there are 156 residents of Arroyo Grande that are employed in farming, forestry or fishing operations. Given the location and environment of Arroyo Grande, it is assumed that a majority of those employed in these professions are in the agricultural community.

Several studies that have been completed over the past 10 years found that most of farmworkers live in seriously substandard conditions. A majority of current farmworkers have families and thus are residents versus migrant workers who reside or work for a period of time in the County but live elsewhere. The actual percent of resident versus migrant in this area is unknown. The major issue for resident farmworkers is that they are generally low income and thus have to compete for housing with other lower income

residents. The greatest need is affordable housing. The issue for many migrant workers is that farm employers are not required to provide housing, so the migrants may have to find their own housing, which sometimes is living in their car or in illegal units. The greatest need for migrant workers is temporary seasonal housing. This could be in the form of bunk houses on the property where the workers are employed.

In summary, farmworkers generally earn low incomes, live in overcrowded units, and pay a disproportionate share of income for housing.

Disabled Persons/Households

The 2000 Census recorded the disability status of the civilian non-institutional population of residents of Arroyo Grande. From a general point of review, for the population of 5 to 20 years, 260 or 7.4 percent of the population had a disability. For the population of 21 to 64 years, 1,393 or 16.3 percent of this population had a disability, of which 55.8 percent were employed. For the population of 65 years and older, 1,223 persons or 40.5 percent of this population had a disability. The most significant issue of persons with disability is that of the senior population.

For those persons with a disability, there are two major problems facing this portion of the community: the need for housing that meets particular physical needs (wheelchair accessible, etc.) and monetary needs. Because of limited job opportunities for the handicapped and disabled (at least those whose disability may limit their employment opportunities), their incomes are often below the median incomes.

The disabled or handicapped residents of Arroyo Grande have varying housing needs depending on the nature and severity of the disability. Physically disabled persons generally require modifications to the housing units such as wheelchair ramps, elevators, wide doorways, accessible cabinetry, modified fixtures and appliances. If the disability prevents the person from operating a vehicle, then proximity to services and access to public transportation are important.

If the physical disability prevents the person from working or limits their income, then the cost of housing and needed modification can be significant. Because physical handicaps vary, this group rarely congregates toward a single service organization. This makes estimating the number of persons and specific needs difficult. The physical modification of housing is not necessary to accommodate mentally disabled persons, but they will generally require special services and monetary support. Since jobs and income are often limited, affordable housing is important. Issues related to those with a mental disability would suggest that there is a need for apartment or other housing complexes that are reserved or designed to accommodate persons requiring extra assistance. Many mentally handicapped persons are unable to drive, so access to public transportation is very important.

Homeless

There is no specific information about the number of homeless persons in Arroyo Grande. A recent report indicated that there were between 2,500 and 4,000 people in San Luis Obispo County that were looking for a place to sleep. Past studies have indicated that the majority of homeless persons are found within the City of San Luis

Obispo, probably as a result of the fact that most services for the homeless are centered in the City. A past study indicated that the majority of homeless are in North County (31 percent) and the City of San Luis Obispo (50 percent). Only 15 percent of the homeless are estimated to come from South County, which includes the Cities of Arroyo Grande, Pismo Beach, Grover Beach, and the unincorporated areas of Nipomo and Oceano. Observations from service providers and law enforcement indicate that a large share of the homeless in South County reside in the beach towns. It is very unlikely that the City of Arroyo Grande does not have homeless persons "residing" in the City.

Since 1989, the Economic Opportunity Commission's (EOC) Homeless Services program has been working to meet the needs of the homeless in the County, offering emergency housing, on-site information, referral services and assistance in finding permanent housing. This organization operates an emergency shelter in San Luis Obispo, which provides 49 beds nightly year-round. An additional 15 to 25 beds are added through the Interfaith Coalition for the Homeless, bringing the overflow total to 25,000 shelter nights provided per year.

There are several organizations in the County that provide services and housing for the homeless, including several churches.

Workforce Housing

Housing has become out of reach for most workers in San Luis Obispo County and the City of Arroyo Grande. This has made it very difficult for the employers of many industries to recruit and retain employees. It has also caused the situation that many employees must commute from varying locations, causing traffic congestion and related air quality impacts. At this point, housing is hard to find for many of the local workers in or in close proximity to the place of employment, and given the continuing escalation of the local real estate market there will be fewer and fewer workers able to live in the local community. The issue of inadequate workforce housing is threatening the economic vitality of many communities nationwide. This is especially true in the central coast area, which includes the City of Arroyo Grande.

The City of Arroyo Grande, through its review of the Housing Element Update, has identified work force housing as a priority. The question that is raised is, "What is workforce housing and how does it relate to housing availability and affordability in general?" A recent national workforce housing forum, hosted by the Urban Land Institute, generally applied the term "workforce housing" to households earning more than 60 percent, but less than 120 percent, of the area's median income (essentially moderate income affordable housing). In the San Francisco Bay area, workforce housing has been defined as housing affordable to private and public sector workers with incomes at or below those of teachers and public safety workers.

Many communities are currently addressing the issue of workforce housing. A preliminary step is to determine each community's definition of workforce housing based upon the average incomes of the critical workers that employers are having a difficult time recruiting and retaining. Once identified, programs need to be established within the public and private sectors to encourage and retain housing for the local workforce.

4.4 At Risk Housing Units

Throughout California many affordable housing units, including those available to low and very-low income families that were created through government subsidies, may be eligible to convert to market rate units. Such conversions may jeopardize a significant amount of the existing affordable housing stock. Housing elements are required to:

- 1) identify those low income units that may convert to market rate units within 10 years;
- 2) analyze the costs of preservation of these "at-risk" units versus replacing them;
- 3) identify resources for preservation; 4) set objectives for preserving at risk-risk units;
- and 5) incorporate programs to try to preserve the units as affordable housing.

No at-risk units were identified in the City of Arroyo Grande. To the extent that subsidized housing units are established in the City in the future, policies and programs shall be identified to ensure that these affordable units may remain available for lower income families.

CHAPTER 5 - LAND AND SERVICES FOR RESIDENTIAL DEVELOPMENT

This chapter provides and evaluates the availability of land and public services in Arroyo Grande to support future residential development.

5.1 Land Availability

State housing law requires that the housing element provide an inventory of land suitable and available for residential development, including vacant sites and sites having potential for intensification and/or redevelopment. The purpose of this requirement is to identify sites that could accommodate residential development as set forth by the Regional Housing Needs, as set forth by the San Luis Obispo County Council of Governments and as approved by the State Department of Housing and Community Development. This analysis is not a construction quota or an anticipated list of projects that will be constructed, given that the law recognizes that there may be limitations that would affect residential development, as well as the fact that private development and market forces in place that affect the level of housing construction.

Following is a partial and preliminary table (Table 15) that provides a listing of those sites available for housing construction in the Housing Element Planning period followed by a housing opportunity inventory map (Map 3). Other properties will be identified and programmed into the City's Geographic Information System (GIS) to maintain an inventory from General Plan and zoning data for future Housing Elements and other planning purposes.

It should be noted that the City's Land Use Element was updated in November 2001 to include a new "Mixed Use" land use category that encompasses approximately 85% (254 acres) of all the commercially zoned land within the City. Consequently, most all of the land (the exception is the Regional Commercial zoning district) within the City is zoned for some level, or density, of residential development. This is a significant change from what was allowed and analyzed in the City's 1993 Housing Element. It should be further noted that Table 15 includes a fairly realistic estimate of available in-fill developable area in the higher density residential land use areas.

**TABLE 15
PRELIMINARY HOUSING OPPORTUNITY SITES INVENTORY**

I. General Inventory of Higher Density Land Use Categories				Cumulative Acres	Approx. No. Units (in-fill development not included in specific site inventory below)	Approx. No. Affordable Units
Medium-High Density Residential (9 du/ac)				146.8	$(146.8)(.05)(9) = 66$	$(66)(0.25) = 16 \text{ MI}$
High Density Residential (14 du/ac)				45.4	32	16 M-I 16 L-I
Very High Density Residential (25 du/ac)				5.4	25	12 L-I 13 V-L
Mixed Use (25 du/ac)				253.8	$(253.8)(0.20)(0.5)(25) = 635$	19 M-I 108 L-I 222 V-L
Second Dwellings				1,533.6 Properties zoned for single-family residential development, less undeveloped Specific Plan areas	30 (based on an estimate of 5 second dwellings per year)	15 M-I 15 L-I
Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
Building permits issued to date. Between January 1, 2001 and June 30, 2003 a total of 331 residential units have been issued building permits that can be added to the City's Regional Housing Needs Allocation (RHNA) number.			331	143 units in 2001 170 units in 2002 18 units so far in 2003 All of these are market rate units, or above the median income level.		

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
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*** In-lieu fees are calculated here based on average construction costs of a 2,000 square foot house (\$85/sq. ft.) with a 400 square foot 2-car garage (\$27/sq. ft.). The money collected would be used to assist very low and low-income households with their housing needs through the City's programs adopted through the Housing Element.

II. Southwest Neighborhoods. Listed below are areas within the southwest portion of town having distinct housing development opportunities.

Several obvious vacant or underdeveloped residentially zoned properties that are either approved or in process as Planned Unit Developments or conventional subdivisions.

1	PD/RS (2.5 du/ac – 25 units) Farroll Avenue APN: 077-251-005	10.30 ac	65	16 M-I (Moderate Income)	Approved	Proposed PD 1.5/SF/MF (7 du/ac) 13 custom home lots and 52 smaller lots with 4 floor plans; Applicant - S&S Homes.
2	BG-SP/MF Ash Street APN: 077-121-006	5.50 ac	47	17 M-I (up to 21)	Approved	Berry Gardens Subarea 2. Jasmine Place. Applicant – S&S Homes
3	MU/MF El Camino Real APN: 077-051-059	4.60 ac	26	3% in-lieu fee (\$140,400)	Approved	Applicant – S&S Homes
4	HD/MFA 185 & 187 Brisco Rd. APN: 077-051-042, 045	1.00 ac	12	1-3 M-I or 6% in-lieu fee (\$81,000)	Approved	12 units in 6 duplexes Applicant – Rick Wheeler
5	HD/MFA 1180 Ash St. APN: 007-181-021	0.58 ac	8	2 M-I	Approved	8 units in 4 duplexes Applicant – Kevin Hunstad
6	MD/MF 325 Alder St. APN: 077-204-003	0.80 ac	7	1% in-lieu fee (\$12,600)	Approved	Applicant – Kevin Hunstad

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
A few vacant, commercially zoned properties near Courtland Street and East Grand Avenue are newly recognized "mixed-use" sites that can accommodate housing.						
7	MU/SR Northwest corner of Courtland & Grand APN: 077-070-029	3.00 ac	108	107 VL-I & L-I (76 Very Low Income and 31 Lower Income)	Approved	Applicant has applied 3 times for tax credits, and is waiting the outcome of the 4 th submittal. Project will likely be revised if tax credits are denied. Applicant – Larry Persons
8	MD/SF 1595 East Grand Ave. APN: 077-131-002	1.50 ac	9	6% in-lieu fee (\$64,800)	Approved	The 4.60-acre property is located in Subarea 3 of the Berry Gardens Specific Plan and is divided into residential and commercial land uses. Applicant – Matsumoto Revocable Trust
9	MU/GC East Grand Ave. APN: 077-131-002 & 004	6.20 ac	38	10 M-I	Potential	Two adjacent properties fronting East Grand Ave. under separate ownerships. Applicant – Matsumoto Revocable Trust and S&S Homes
Listed below are less obvious infill and mixed use housing opportunity sites that are smaller, sometimes partially developed properties.						
10	MU/GC Southeast corner of El Camino Real and Oak Park Blvd. APN: 077-011-010	0.80 ac	8	3% in-lieu fee (\$43,200)	Potential	7 townhouses and 1 studio were considered as a pre-application.

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
11	MU/MF South of Hillcrest Dr. and El Camino Real APN: 077-015-052 & 053	1.20 ac	12	3 M-I	Potential	Possibly 12 hillside townhouses could be developed on this site, which is located behind the 26-unit PUD (ID map no. 3). Property is owned by Howard Mankins.
12	HD&O/MFA&O South of Elm Street Park APN: 077-241-013, 035 & 062	5.00 ac	60	15 L-I 15 M-I	Potential	Potential for 60 "special needs" housing could be constructed. Property is developed with 1 single-family residence that is accessed from a narrow driveway off of Elm Street. The property is listed for sale and the residence is in poor condition. Wider access easement from adjacent property is needed, although the City would consider a narrower access driveway if all the residences were constructed with fire sprinkler systems. The adjacent 5-acre site is half developed with a convalescent care facility and the remaining 2.5 vacant acres could be utilized for higher density residential development. The combination of these two properties would provide numerous development opportunities. Possible City incentives are discussed in Chapter 2 (Goals, Policies and Programs).
13	MU/GC Southwest corner of Elm St. and The Pike APN: 077-332-025, 026, & 027	1.27 ac	40	8 M-I	Pending	The property is zoned Mixed Use and is adjacent to a convenience market, agricultural land and residential development. The "Mixed Use" land use designation allows up to 25 dwelling units per acre, so a zone change is not necessary with this application. The pre-application for 39 senior condominiums received favorable Planning Commission review and the formal application was submitted in October 2003. Applicant – Richard Sharp

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
14	PF & LD/AG & RH Valley Road, behind AG High School APN: 006-095-001, 003, & 020; 075-021-002, 013, & 045	60 ac	40	10 M-I	Potential	The property consists of undeveloped hillsides southeast of Arroyo Grand High School that could be developed as a clustered PUD (ave. 1.5 du/ac). The Lucia Mar School District owns a portion of the property, which could be deemed and sold as surplus land.
15	O/O Fair Oaks Ave., east of Halcyon Rd. APN: 006-391-044	5.50 ac	60	15 L-I 15 M-I	Potential	The property is currently zoned Office Professional, but has the potential for 60 "special needs" townhouses or multi-family housing with a land use change to High Density Residential, allowing up to 14 dwelling units per acre. The site is located adjacent to Arroyo Grande General Hospital and Arroyo Grande Creek, an ideal environment and location for special needs housing. Because there are known archeological sites in the vicinity, specific studies and mitigation will be required through CEQA review. Projects approved with known archaeological sites within the City have been subject to specific mitigation (e.g. capping of areas, deviation from development standards to minimize grading, etc.) and mitigation monitoring. <u>Because of the proximity of the</u>
16	PF/PF Orchard Street APN: 006-095-020	4.00 ac	60	15 L-I 15 M-I	Potential	Church property where a portion is in a flood plain and developed with playground and parking area. Possible senior or other special needs affordable multiple-family housing. Residential uses such as convalescent homes, residential care, congregate care, and assisted living facilities are allowed in the PF zoning district. Habitable finish floors, exclusive of parking areas, are required to be raised one foot above the base flood elevation. Alternatively, the structures can be certified as flood proofed.

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
17	MH/MF 1169 Maple Street APN: 077-391-012	0.40 ac	2	3% in-lieu fee (\$16,200)	Approved	3 lot subdivision. One unit already exists. Applicant – Millissee Thompson
18	MD/SF 1060 Maple Street APN: 077-173-023	0.48 ac	0 (3 units exist)	6% in-lieu fee (\$32,400)	Approved	Subdivision of one lot into 3, whereby 3 residences already exist. No new residential development is proposed. Applicant – Anthony Toste
19	MD/SF 1171 Sunset Drive APN: 077-212-026	0.40 ac	1	1 M-I or 6% in-lieu fee (\$21,600)	Approved	Subdivision of one lot into 2; one house already exists. Applicant – Larry Ventresca
<u>II. Southeast Neighborhoods</u>						
20	MU/AG Southeast of Traffic Way and East Cherry Ave. APN: 007-621-001, 023, & 073	12.00 ac	0-50	0-13 M-I	Potential	The property's land use designation was changed from AG to MU with the 2001 General Plan Update (GPU). This decision is currently being re-evaluated through the City's Agriculture Study.

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
21	MD-NP/RR Myrtle Ave. and Lierly Lane APN: 007-565-004 & 054; 007-571-001, 011, 017, & 018	14.00 ac	50 (Half of maximum estimated potential – west portion only).	13 M-I	Potential	This area consists of about 12 developed parcels that were changed from low density to medium density with a "Neighborhood Plan" overlay in the 2001 GPU. The purpose of the NP designation is to study infrastructure needs and desired development patterns.
22	SP/RH Southeast of Trinity Ave. and Traffic Way Extension APN: 007-610-017; 007-631-024, 026, & 029	107.00 ac	47	12 M-I	Potential (on-hold)	This area is within a Specific Plan designated area where the "Arroyo Linda Crossroads Specific Plan" was being processed in 1999 but has since been put on hold pending resolution of regional transportation issues, mainly the need for a Highway 101 interchange. The project design includes a wide mix of land uses including single-family residential, professional office, research & development, commercial & visitor serving, and parks & open space.
23	VC/VC East of historic Downtown district along East Branch St. APN: 007-501-035-045; 007-191-036 & 049; 007-192-038; 007-202-013, 014, & 017	6.00 ac	60	15 M-I	Approved (East Village Plaza) Pending (Creekside Center) Potential (Scolari and adjacent properties)	The Village Core Mixed Use area is appropriate for rental housing over commercial development, or clustered with commercial development through the planned unit development (PUD) process. "East Village Plaza", a 2.4-acre property approved through the PUD process for a mixed-use development, can accommodate up to 10 residential units. Other properties in this area can accommodate another 50 units. Applicant – DB & M Property, LLC

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
24	LD & LM/RS & RH Stagecoach Road and Huasna Road area APN: 007-301-004; 007-441-034 & 035; 007-751-004; 007-861-018 & 070	17.00 ac	25	7 M-I	Potential	This area consists of underdeveloped infill properties that could be further subdivided.
25	VC/VC 125 Nelson St. APN: 007-491-057, 058	0.32 ac	5	1 M-I or 3% in-lieu fee (\$32,400)	Pending	Proposed subdivision for 5 townhouses and 1 mixed-use building. Applicant – Phil Zeidman
III. Northeast Neighborhoods						
26	LM/RS Corbett Canyon Rd. APN: 007-031-041	1.93 ac	3	3% in-lieu fee (\$21,600)	Approved	4 lot subdivision where one unit already exists. Applicant – Blake Chaffee
27	LM/RR Canyon Way APN: 007-220-014	3.22 ac	2	1% in-lieu fee (\$5,400)	Approved	3 lot subdivision where one unit already exists. Applicant – Catherine Benson

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
IV. Northwest Neighborhoods						
28	LD-PD/PD 1.3 Rodeo Drive and West Branch St. APN: 007-011-041 & 042	29.00 ac	15 or 19 (with density bonus)	4 M-I or 6% in-lieu fee (\$162,000)	Pending	The property is located in the Royal Oaks Planned Development (PD 1.3). Proposed is a clustered single-family subdivision for 15 custom home lots and an open space parcel.
29	LD/RR North of James Way APN: 007-070-001, 002, & 007	11.00 ac	25	7 M-I	Potential	The undeveloped property is located adjacent to Hidden Oaks Elementary School.
30	LD-PD/PD 1.2 South of Noyes Rd. near Equestrian Way, and northeast of La Canada and James Way APN: 007-781-024, 055, & 056	79.00 ac	40	10 M-I	Potential	53 acres off of Noyes Rd. and 26 acres near La Canada are potential Planned Development areas for clustered residential development.
31	MD/SF Elm Street south of East Grand Ave. APN: 077-153-003- 005, 008, 009, 011, 014, 015, 019-021, 025, 033-036, 038,039, 040, 041, 043, 047-051	5.00 ac	12	3 M-I	Potential	This property consists of 27 separate parcels ranging in size from 5,862 to 10,743 square feet. This area is adjacent to commercial, multiple-family and single-family residential development. The land use category and zoning of the 5-acre property could be changed to multiple-family (MF) allowing for infill development at higher densities, and for existing legal non-conforming multi-family units to become conforming.

Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
TOTAL:	<u>397.93 acres (not including general inventory of land use categories)</u>	1,268 units <i>Approved (631) Pending (60) Potential (577)</i>	200 M-I	Approved (39), Pending (13), Potential (148)		
			76 L-I	Approved (31), Pending (0), Potential (45)		
			76 V-L	Approved (76), Pending (0), Potential (0)		
			\$633,600	Approved (\$379,800), Pending (\$210,600), Potential (\$43,200)		
			\$631,882	Existing in the Affordable Housing Account		
			\$1,265,482	Total		
SUBTOTAL OF APPROVED AND PENDING PROJECTS (Subtotal includes the 331existing permitted units)			691 units	52 M-I 31 L-I 76 V-L		

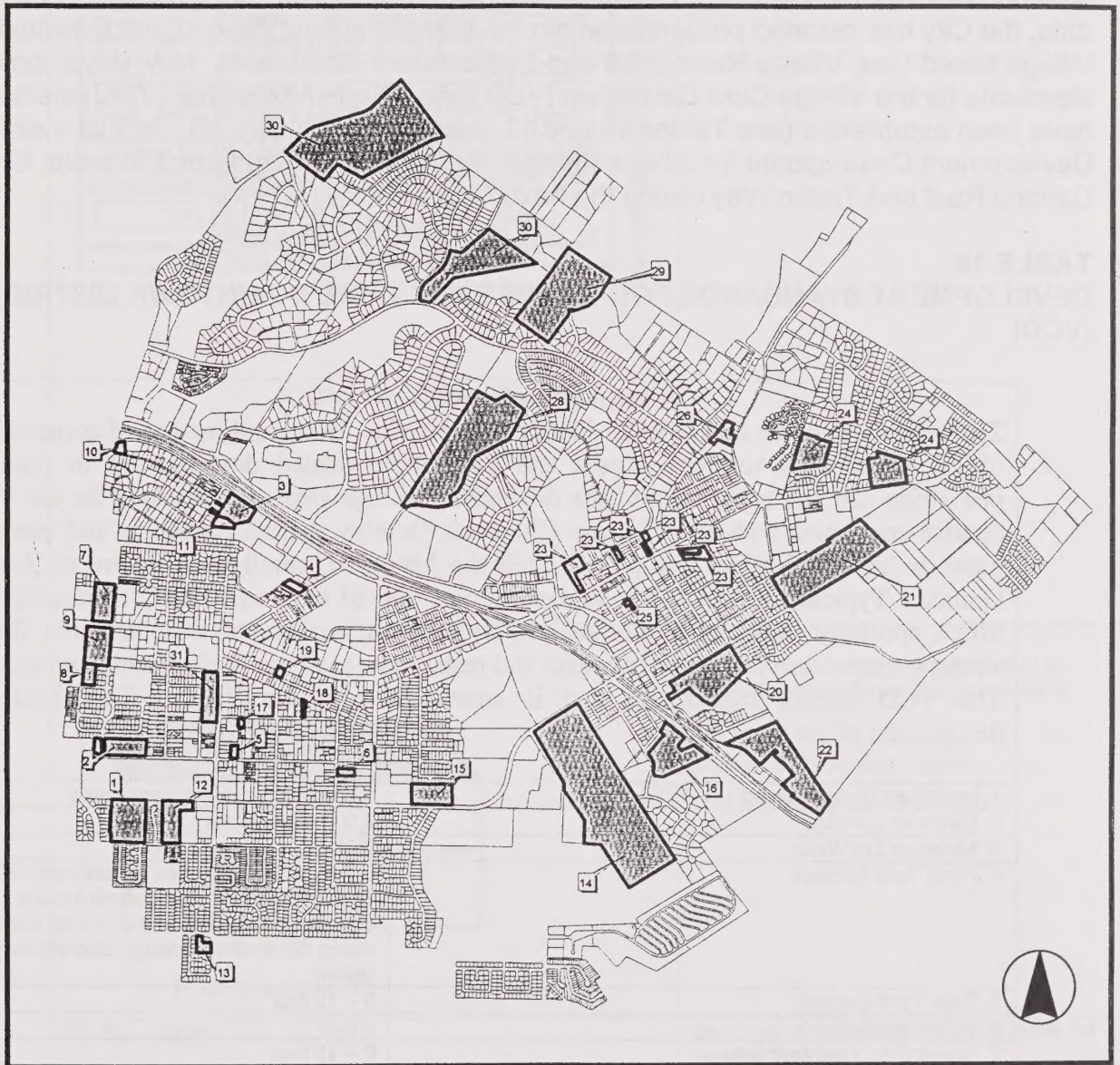
Map ID No.	Land Use / Zoning / Location	Property Size	No. Units (Add'l)	Inclusionary Requirement (All in-lieu fees are ***ESTIMATES)	Approved; Pending; Potential	Comments
V. Sphere of Influence Areas (THESE AREAS ARE NOT INCLUDED IN THE OVERALL INVENTORY DUE TO INFEASIBILITY OF CONSTRUCTION WITHIN THE HOUSING ELEMENT TIMEFRAME) Outside the current city limits, but part of the 2001 General Plan Sphere of Influence area northeast of Highway 101 near El Campo Road, are two undeveloped hillside properties that may be future phases of Arroyo Linda Crossroads Specific Plan.						
32	Arroyo Linda Specific Plan Property (Fredricks family) APN: 075-341-002	185.00 ac	52	13 M-I	Potential	The 185 acres within the Arroyo Linda Crossroads project area and the adjoining Williams property to the southeast could be considered for clustered hillside residential development, as well as other potential urban uses. It should be noted, however, that development would be subject to major resource and infrastructure prerequisites such as supplemental water supply, a Highway 101 interchange, an extension of Traffic Way, and other water, sewer, street and drainage improvements that are improbable during the next five years. Therefore, these potential housing opportunity sites are NOT included in this Housing Element inventory.
32	Williams Property APN: 075-341-008	200.00 ac	208	52 M-I	Potential	

Projects within the City listed as "potential" are not yet evaluated and may or may not be pursued or approved. Therefore these potential projects are NOT included in the City's "Quantified Objectives" for this Housing Element.

Regional Housing Needs Allocation Comparison

	Very-Low Income	Lower-Income	Moderate-Income	Above Moderate	Total Units
RHNA	310	223	259	400	1,192
Total Housing Opportunity Sites Inventory	76	76	200	916	1,268
General Inventory of Higher Density Land Use Categories	235	151	66		452
Subtotal	311	227	266	916	1,720
Difference	+1	+4	+7	+516	+528
Preliminary Quantified Objectives	76	31	52	532 (includes the 331 existing permitted units)	691
Difference	-234	-192	-206	+132	-501

MAP 3 – HOUSING OPPORTUNITY SITES INVENTORY



The City is in the process of a comprehensive review and update of its Development Code for consistency with the 2001 General Plan, focusing on rezoning existing commercial properties to Mixed Use and developing new Mixed Use standards. To date, the City has rezoned properties within the Village Area to Village Core Downtown, Village Mixed Use, Village Residential and Single-family Residential. New development standards for the Village Core Downtown (VCD) and Village Mixed Use (VMU) districts have been established (see Tables 16 and 17 below), and the City will conduct a similar Development Code update for other commercial areas along East Grand Avenue, El Camino Real and Traffic Way during the next year.

TABLE 16
DEVELOPMENT STANDARDS FOR THE VILLAGE CORE DOWNTOWN DISTRICT (VCD)

Village Core Downtown (VCD)	
The primary purpose of the VCD district is to provide for a combination of commercial, office, upper-story residential uses and compatible related development to promote pedestrian use and enjoyment of the downtown Village area. Regulations for the VCD district combined with the Historic Character Overlay district, promote and preserve older architectural styles compatible with the historical, small-town nature of Arroyo Grande. Typical uses may include, but are not limited to, second-story residential and office, specialty retail and studios such as art galleries, bookstores, antique stores, flower shops, personal services, small markets and restaurants (without drive-through windows). The VCD district implements and is consistent with the Village Core land use designation of the General Plan.	
1. Maximum Density Mixed Use Projects	15 dwelling units per gross acre
2. Minimum Lot Size	2,500 square feet
3. Minimum Lot Width	25 feet
4. Front Yard Setback	0 – 15 feet. Structures typically built at back of sidewalk. Exceptions include entrance courtyards and areas for outdoor dining determined through discretionary review.
5. Rear Yard Setback	0 – 15 feet
6. Side Yard Setback	0 feet
7. Street Side Yard Setback	0 – 15 feet

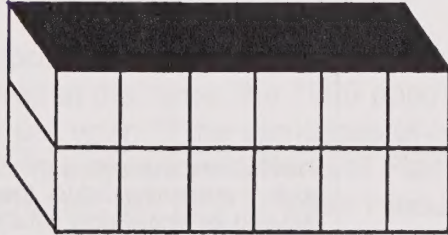
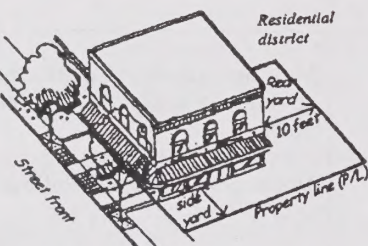
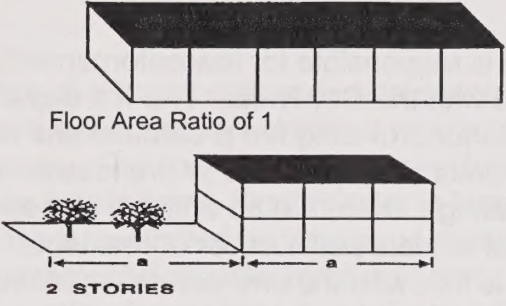
8. Building Size Limits 	Maximum height is 30 feet or three stories, whichever is less; a maximum of 36 feet is allowable through the MUP process. Maximum Building Size is 20,000 square feet.
9. Site Coverage  Floor Area Ratio of 2	Maximum coverage of site that may be covered by structures and pavement is 100%. Maximum Floor Area Ratio is 2.
10. Site Design	See Design Guidelines and Standards for Historic Districts
11. Off-Street Parking and Loading	See Parking and Business Improvement District Plan in Section 16.56.020
12. Signs	See Section 16.60 and Design Guidelines and Standards for Historic Districts

TABLE 17
VILLAGE MIXED USE (VMU)

Village Mixed Use (VMU)	
Village Mixed Use (VMU) District. The primary purpose of the VMU district is to provide for a mixture of commercial, office and residential uses compatible with surrounding residential districts, in small-scale pedestrian-oriented developments. Regulations for the VMU district combined with the Historic Character Overlay district promote and preserve older architectural styles, and encourage a harmonious intermingling of other structures. This district encourages use of existing residential buildings for non-residential uses. Typical uses may include single and multiple family residential, specialty retail sales, professional offices, personal services and neighborhood markets. See Table 16.36.030-A-1 for allowable uses and Table 16.36.020-B for minimum site development standards.	
1. Maximum Density Mixed Use Projects	15 dwelling units per gross acre
2. Minimum Lot Size	5,000 square feet
3. Minimum Lot Width	40 feet
4. Front Yard Setback	0 – 15 feet
5. Rear Yard Setback	0 – 15 feet. If project is mixed use and/or abuts a residential district then 10 feet required.
	
6. Side Yard Setback	0 feet unless a project is mixed use and/or abuts a residential district, then 5 feet is required for single story structures and 110 feet is required, on one side, for a multiple stories.
7. Street Side Yard Setback	0 – 15 feet.
8. Building Size Limits	Maximum height is 30 feet or three stories, whichever is less; a maximum of 36 feet is allowable through the MUP process. Maximum Building Size is 10,000 square feet.

9. Site Coverage  Floor Area Ratio of 1 2 STORIES	Maximum coverage of site that may be covered by structures and pavement is 100%. Maximum Floor Area Ratio is 1.
9. Site Design	See Design Guidelines and Standards for Historic Districts.
10. Off-Street Parking and Loading	See Parking VMU and HCO combining district in Section 16.56.020.C.
11. Signs	See Section 16.60 and Design Guidelines and Standards for Historic Districts.

5.2 Public Services and Utilities to Serve Residential Development

Water

The City receives water from both groundwater and surface water. Groundwater is extracted primarily from the Arroyo Grande Plain of Tri-Cities Mesa sub-basin of the Santa Maria Groundwater basin, with an estimate total of 1,200 acre feet of supply. The City also receives about 100 acre feet of groundwater supply from the Pismo formation. The significant supply is the 2,290 acre-feet entitlement from Lopez Lake. This brings the total available water supply to 3,590 acre-feet.

Based upon per capita consumption of 190 gallons per day, the maximum average considered at that time, the 1990 population of 14,057 was consuming 2,990 acre feet of water per year. If the same rate of consumption were to continue to the projected 20,000 City population at General Plan build-out, it was estimate that approximately 4,149 acre feet per year of water resources would be required, 556 acre feet more than currently available. Without additional water supplies or a substantial reduction in current usage, it is unlikely that an adequate water supply is available to accommodate the assigned regional housing allocation.

The 2001 General Plan Update proposes that average per capita consumption be reduced by conservation measures to a maximum of 160 gallons per person per day. This Water Conservation Plan was adopted in May 2003. This program will be closely monitored and the results will be evaluated in terms of water supply impact.

Sewer

The South San Luis Obispo Sanitation District provides wastewater treatment and disposal. The treatment plant is located in the unincorporated community of Oceano and treats wastewater from various sources in the vicinity, including the Oceano area and the Cities of Arroyo Grande and Grover Beach. The District has completed expansion of treatment facilities in the early 1990's, and the plant can now process 5 million gallons of effluent per day with existing effluent quality guidelines. It has been estimated this will provide ample service to at least 2010.

Public Services

The City of Arroyo Grande police department is responsible for law enforcement, investigations and crime prevention programs with the City limits. The fire department, composed largely of volunteers, is responsible for providing fire protection and medical response. The City has historically has low levels of major crime or fire loss despite below average police and fire department staffing. There are no uniform standards regarding appropriate or adequate numbers of officers per number of residents. One issue however regarding the fire department is that with the one downtown station, average response time with the City limits is 11.2 minutes, which for some of the areas of the City is well above a recognized standard of 5 minutes. This may affect the development of lands in the City that may be beyond the desired response time.

It is generally expected that police and fire resources improve with additional development that generates increased tax revenues. However, with the recent shifts of local tax revenues to the State, and decreasing State revenues being provided to local governments, additional development may cause a decrease in public safety for the community.

Schools

School facilities for Arroyo Grande are provide by the Lucia Mar Unified School District, which provides educational services in the South County Area, which includes Grover beach, Pismo Beach, Oceano, Nipomo and the remaining unincorporated county. The District operates and maintains 10 elementary schools, 3 middle schools, and 2 high schools, with the addition of Nipomo High School that opened in the fall of 2002. Recent studies have indicated that most of the schools, with the exception of Nipomo High, were built in the 1950's and 1960's and thus may be subject to needed renovation. Information provided in the Arroyo Grande General Plan EIR adopted in 1991 indicated that many of the schools were operating at an over capacity level. With the opening of Nipomo High, the high school level capacity seems to be resolved.

Residential development is of a concern to schools because of increased enrollment. However recent newspaper reports have indicated that enrollment seems to be decreasing. Recent studies report in the San Luis Obispo *Tribune* newspaper indicate that the population in the area will be shifting from families to a more senior population, mainly because of the cost of housing. Recent State budget cuts are also affecting the operation ability of the school district to provide education services.

5.3 Constraints to Housing Development

There are a number of constraints that affect the construction of housing in a community. State law recognizes this and requires an analysis of these constraints. Following is an analysis of governmental constraints, environmental or public service constraints, as well as nongovernmental constraints.

Government Constraints

The intent of this sub-section is to identify governmental constraints that affect housing development, as well as to analyze those that may be modified so as to not create a

barrier to the maintenance, improvement or development of housing to all income levels.

The price of a home is based upon several basic costs: land, materials, labor, financing rates and insurance, government requirements and fees, as well as environmental constraints. The cost of the first three items are determined by the market economy, while the fourth items, lending rate, is largely set by the federal government, while insurance is controlled by insurance carriers. These items are discussed under nongovernmental requirements and fees. This sub-section focuses on the forth items, governmental constraints. In addition, there are a number of environmental constraints that affect housing construction.

The California Legislature has delegated to local governments specific responsibilities and a certain amount of discretionary control over the development and use of land. Through land use controls, building codes and development review procedures, these and other requirements and fees, cities may influence the location, density, type, size, quality and appearance of housing units within their jurisdiction. These requirements and fees, while not completely under full control of the city, affect the cost and availability of housing.

Governmental requirements may generally be divided into land use and development controls, such as general plan requirements, zoning, subdivision, environmental review, and annexation requirements. Other governmental regulations include the California Building Code, development processing and development impact fees, as well as permit processing requirements. Many of these controls are regulatory, required by local government in response to State and federal mandates to protect public health and safety, and others are adopted to implement State mandates or to achieve the welfare and desired quality of life, values and objectives of the local community. It should be noted that the City has adopted the State Uniform Building Code (minimum requirements), and has not amended this Code to include stricter regulations that would add costs to housing development.

Constraints on Housing for Disabled Persons

Governmental constraints related to group housing for persons with disabilities are handled through the Discretionary review process. Conditions of approval would be imposed through the Conditional Use Permit process to require compliance with current disabled access standards for that use.

Land Use and Development Controls

Land use and development controls determine the amount, type, and location of housing. The primary policy tool for promoting a balanced use of land and resources is through the City's General Plan. The General Plan establishes an overall framework for development and conservation of land in the City, primarily through the Land Use Element. State law divides the required content of a general plan into distant elements, and requires that the General Plan be designed as a balanced, integrated document that is internally consistent. Residential land use is one consideration of the plan, and Housing is one of seven Elements and has a number of issues the City must address. The City in its required General Plan elements must address traffic and circulation,

safety and noise, conservation and open space, as well as other statutory matters. The Housing Element has a direct relationship to most other General Plan elements.

The primary means to implement the General Plan is the Zoning Ordinance or Development Code, which establishes development standards, intensity of development, and minimum site standards. Various residential zones are established along with a minimum set of requirements for densities, which are intended to implement the densities set by the General Plan. Other requirements are setbacks, lot coverage, parking, open space and other related property development standards. Table 18, inserted here from the 2001 General Plan land Use Element, provides the densities for the various land use zones as set by the recently adopted General Plan. The City is in the process of Development Code Amendments intended to implement the General Plan and make revisions for consistency. It is the intent of the City to include within the Development Code changes to the development standards included as policies of the adopted Housing Element. Some of these standards by their nature may increase the cost of housing, however, those proposed standards included as policies in this element, are not considered excessive and are deemed to be the minimum required to protect the general welfare and regulate the quality of development in the City.

State law requires that any subdivision of land must conform to the standards and procedures set forth by the State Subdivision Map Act. The City's Development Code implements these State requirements and procedures in a manner considered necessary and reasonable means despite affecting residential development improvement costs.

Development applications for housing as well as other development applications are subject, in most cases, to the California Environmental Quality Act (CEQA). CEQA requires that development applications be subject to an environmental review of the impacts that would result from implementation of a project.

The City, as part of its 2001 General Plan, prepared a program environmental impact report (EIR) to address the impacts of development proposed by the Plan. The anticipated residential development evaluated in the Plan is similar to that required by the Regional Housing Needs established for the City. The Program EIR concluded that there were several significant environmental impacts that could not be mitigated to less than significant levels. Required findings and statements of overriding considerations also involve mitigation measures that will influence future residential and also require possible project EIR's that will increase the cost of the development. These costs are unavoidable given the State mandated requirements of CEQA.

Several areas designated for future residential development in the City's 2001 General Plan are located within the City's Sphere of Influence or proposed Urban Reserve not currently in the City. Changes to the Sphere and annexation to the City are under the jurisdiction of the county Local Agency Formation Commission (LAFCO), as well as the City. Recent changes to State annexation laws now require service plans that demonstrate the ability of the city to serve the annexation area as well as a financial analysis of the service ability. These requirements may have a significant affect on

whether lands may be annexed to the City as well as time required to effect the annexation. Additionally, the General Plan requires that these potential annexations be subject to Specific Plan and pre-zoning approval prior to annexation. These processes and related EIRs will take several years to complete, thus precluding these areas from this Housing Element.

Building Code Requirements

The Arroyo Grande building requirements are based upon the latest version of the California Building Code, which is a version of the Uniform Building Code adopted by the State. This Code is mandated by the State, and a jurisdiction may not set standards that are less stringent than the State Code. The Code ensures safe housing and is not considered a significant constraint to housing production.

TABLE 18
URBAN LAND USE ELEMENT

RESIDENTIAL DENSITY, ZONING AND POPULATION DENSITY

Residential land uses, ranging from large-lot single-family homes to multiple-family apartment buildings are the predominant uses within the City of Arroyo Grande. Most of the land within the City designated for residential use has been developed. The demand for additional residential development is evidenced by requests for conversion of non-residential classifications to residential designations as well as requests to increase the density allowed within residential and non-residential classifications.

Residential density, zoning categories and population density shown on the Urban Land Use Element, Map 2 are summarized on Table; LU-1.

Residential Density, Table LU-1

<u>Classification</u>	<u>DU Density</u>	<u>Consistent Zoning/Min Lot Size</u>	<u>Persons/Household</u>	<u>Approximate Population Density Persons/acre</u>
Agriculture (Ag)	1 du/10ac.	Gen or Exclusive Agriculture/ 20 ac. (currently 10 ac. In City)	2.4p/du	0.24 p/ac
	1 du/20ac.			0.12 p/ac
Conservation/ Open Space(C/OS)	1 du/10ac.	OS & PF	2.4 "	0.24 p/ac
	1 du/5ac.	5ac, 10ac, & 20 ac.		0.5 p/ac
County Residential Rural (RR)	1 du/5ac	County RR/5 – 10ac	2.4 "	0.5 p/ac
County Residential Suburban (RS)	1 du/2½ ac.* (County LUO currently allows 1 –3 ac. lots)	County RS (Proposed)	2.4 "	1.0 p/ac
Single Family Residential (SFR)				
Very Low Density (VLD)	1du/2 ½ ac.	RE/2½ ac.	2.4 "	1.0 p/ac
Low Density (LD)	1 du/1½ ac.	RH/1½ ac. (cluster)	2.4 "	1.6 p/ac
	1 du/1ac.	City RR/1 ac.	2.4 "	2.4 p/ac
Low Medium Density(LM)	2.5 du/1ac.	City RS	2.4 "	6.0 p/ac
Medium Density (MD)	4.5 du/ac	City SF	2.4 "	10.8 p/ac
Multi-Family Residential (MFR)				
Medium High Density (MHD)				
Townhouse/Condo	9.0 du/ac	City MF	2.0 p/du	18.0 p/ac
Mobile Home Park (MHP)	12.0 du/ac	MHP-MHD	1.5 p/du	18.0 p/ac
High Density (HD) Apartments	14 du/ac	City MFA	2.0 p/du	28.0 p/ac
***Very High Density (VHD)	25 du/ac	***Senior Residential	2.0 p/du	50.0 p/ac
Mixed Use (MU)				
Village Core (VC)	25 du/ac	See	2.0 p/du	50.0 p/ac
Office (O)		Devt.		
PD, SP and CF		Code		

***General Plan Land Use Element Policy LU3-4: "Accommodate the development of apartment buildings and group housing in areas classified as Multiple Family Residential – Very High Density (MFR-VHD)"

LU3-4.1 Allow a maximum density of 25 du/acre within the MFR-VHD designation.

LU3-4.2 Enable development of very high density multi-family residential uses in locations with good access to major transportation routes and in close proximity to Community Facilities, Offices, Regional Commercial and/or Mixed Use zones.

LU304.3 Allow for apartment buildings that do not adversely affect surrounding residential uses.

LU3-4.4 Encourage senior and other special needs housing facilities within the MFR-VHD designation.

Development Processing and Development Impact Fees

Table 19 summarizes the development processing fees including fees charged by the Community Development Department for processing housing applications. These fees are established by the City Council to cover the staff and other costs associated with processing a housing development application. These fees are comparable to other area jurisdictions and not considered excessive.

The fees charged at the time of the issuance of a building permit for residential development include standard building permit plan check and inspection fees as well as impact fees set by the City. Building fees are set by the Building Code and represent the costs for plan review and inspection of the project construction. Given the nature of these fees, they are not considered excessive in that they are essential to ensure the health and safety of the project construction.

The City also charges impact fees to cover the costs of cumulative infrastructure and certain service requirements of the projects. Given the current tax structure the City must operate under, there are not adequate general funds to provide the services and infrastructure necessary for new residential development, thus development impact fees must be charged to cover the costs of the services or infrastructure requirements. Many of these fees are a result of environmental mitigation measures adopted and required by the project environmental review. Many of these fees are not unusual or high compared to other cities in the region and they are deemed necessary to cover costs. Similarly, school impact fees that have been imposed by the local school district to help cover their costs to provide additional building construction needed to support additional school population associated with additional residential development. These development impact fees increase the cost of housing, and proportionally affordable housing. This Housing Element proposes waiving or deferring all or part of certain development impact fees as a public incentive and means of assisting affordable housing.

The total fees charged at building permit issuance for the average single family is approximately \$20,000 per unit, which includes building fees and impact fees. For condominium projects, the estimated building and impact fees are estimated at between \$13,000 and \$14,000 per unit, while the same fees for an apartment are estimated at \$13,000 per unit. These fees are one of the substantial costs of housing, but as noted above, these fees are either required by the building code, are needed to finance infrastructure or services, or serve as mitigation for the project impacts.

TABLE 19
CITY OF ARROYO GRANDE
COMMUNITY DEVELOPMENT DEPARTMENT
FEE SCHEDULE – JANUARY 1, 2003

APPLICATION TYPE	BASE FEES	OTHER FEES
APPEALS		
• From Community Development Director to Planning Commission	\$ 195	N/A
• From Planning Commission decision to City Council	\$ 195	N/A
ARCHITECTURAL REVIEW		
• Within P.D. Zone or requires City Council approval		
• Architectural Review Only	\$ N/A	N/A
• Architectural Review with associated project	\$ 415	N/A
• Outside P.D. Zone or requires Planning Commission approval		
• Architectural Review Only	\$ N/A	N/A
• Architectural review with associated project	\$ 220	N/A
• Minor Project (ARC Referral/Community Development Dir. Approval)	\$ 67	N/A
ARCHITECTURAL REVIEW AMENDMENT		
• Within P.D. Zone or requires City Council approval	\$ 415	N/A
• Outside P.D. Zone or requires Planning Commission approval	\$ 220	N/A
• Minor Project (ARC Referral/Community Development Dir. Approval)	\$ 220	N/A
CERTIFICATE OF COMPLIANCE		
• Within P.D. Zone	\$ 650	Recording Fee
• Outside P.D. Zone	\$ 450	Recording Fee
CONDITIONAL USE PERMIT (CUP)		
• Within P.D. Zone	\$ 1,205	N/A
• Outside P.D. Zone	\$ 1,005	N/A
CONDITONAL USE PERMIT AMENDMENT		
• Within P.D. Zone	\$ 865	N/A
• Outside P.D. Zone	\$ 665	N/A
CONDOMINIUM, CONDOMINIUM OR MOBILEHOME PARK CONVERSION (see CUP and Tentative Map)		
DEVELOPMENT AGREEMENT	\$2,030	N/A
DEVELOPMENT CODE AMENDMENT (includes rezoning, prezoning, and P.D. rezoning)	\$1,250	N/A
EIR/ENVIRONMENTAL STUDIES	15% of EIR or Environmental Doc. Contract and cost of document preparation by consultant or staff (time and materials)	

APPLICATION TYPE	BASE FEES	OTHER FEES
GENERAL PLAN AMENDMENT	\$1,370	N/A
HOME OCCUPATION PERMIT	\$ 50	N/A
LARGE FAMILY DARE CARE PERMIT	\$ 265	N/A
LOT LINE ADJUSTMENT • Within P.D. Zone • Outside P.D. Zone	\$ 800 \$ 605	
LOT MERGER	\$ 605	
MEETING CONTINUANCE REQUESTED BY APPLICANT (>6 weeks)	\$ 130	N/A
MINOR EXCEPTION	\$ 260	N/A
PLANNED DEVELOPMENT REZONING (see <i>Development Code Amendment</i>)	\$ 1,155	
PLANNED DEVELOPMENT, SPECIFIC PLAN, OR GENERAL DEVELOPMENT PLAN AMENDMENT	\$ 1,155	N/A
PLANNED UNIT DEVELOPMENT PERMIT • Processed concurrently with Tentative Map and Architectural Review • Processed alone	\$ 1,155 \$ 1,155	N/A N/A
PLANNING COMMISSION INTERPRETATION/WAIVER/REFERRAL	\$ 410	N/A
PLOT PLAN REVIEW	\$ 230	N/A
PRE-APPLICATION CONFERENCE	\$ 315	N/A
PREZONING (see <i>Development Code Amendment</i>)		
RESEARCH (per hour)	\$ 70	N/A
REVERSION TO ACREAGE • Within P.D. Zone • Outside P.D. Zone	\$ 415 \$ 220	\$21/lot to be merged \$21/lot to be merged
REZONING (see <i>Development Code Amendment</i>)	\$ 1,155	

APPLICATION TYPE	BASE FEES	OTHER FEES
SECOND DWELLING UNIT (see CUP)		
SIGNS (Includes referral to ARC)		
• PLANNED SIGN PROGRAM		
• Within P.D. Zone	\$ 615	N/A
• Outside P.D. Zone	\$ 415	N/A
• ADMINISTRATIVE SIGN PERMIT	\$ 70	N/A
• ADMINISTRATIVE SIGN PROGRAM	\$ 165	N/A
• MURAL PERMIT	\$ 165	N/A
SPECIFIC PLAN	\$ 3,550	N/A
SPECIFIC PLAN AMENDMENT	\$ 1,155	N/A
SURFACE MINING PERMIT (see CUP)		
TEMPORARY USE PERMIT	\$ 105	N/A
TENTATIVE PARCEL/TENTATIVE TRACT MAP		
• Within P.D. Zone	\$ 1,000	\$ 21/lot
• Outside P.D. Zone	\$ 805	\$ 21/lot
TENTATIVE PARCEL/TENTATIVE TRACT MAP AMENDMENT		
• Within P.D. Zone	\$ 1,000	\$ 21/lot
• Outside P.D. Zone	\$ 805	\$ 21/lot
TIME EXTENSION (Tentative Parcel or Tract Map/CUP/PUD ext.)		
• Within P.D. Zone	\$ 510	N/A
• Outside P.D. Zone	\$ 310	N/A
VARIANCE		
• Within P.D. Zone	\$ 1,000	
• Outside P.D. Zone	\$ 805	
VESTING TENTATIVE PARCEL OR TRACT MAP		
• Within P.D. Zone	\$ 1,000	\$ 21/lot
• Outside P.D. Zone	\$ 805	\$ 21/lot
VIEWSHED REVIEW PROCESS		
• Staff Review	\$ 350	N/A
• Planning Commission Review	\$ 350	N/A

Updated 11/12/02

Land-Use Controls

Land use controls, broadly outlined in the General Plan Land Use Element and implemented through the City's Development Code, specify the kinds, location, and intensity of land uses. Specific development standards include parking requirements, lot coverage, lot sizes, unit sizes, floor area ratios, setbacks and open space requirements. The current standards are outlined below in Table 20 for all residential districts. Standards for Mixed Use development are discussed above in Section 5.1 under Land Availability.

As part of the Development Code Update for residential and mixed use districts, the City will study how development standards can be modified to enable higher densities described in the Land Use and Housing Elements. Specifically, the City will focus on increasing the allowable height and reducing parking requirements (especially for all affordable housing and senior housing) to enable higher densities. This issue is addressed under Policy A.10.

TABLE 20

RESIDENTIAL SITE DEVELOPMENT STANDARDS SINGLE-FAMILY ZONES

	RE	RH	RR	RS	SF	VR
1. Maximum density (DU's per gross acre)	0.4	0.67	1.0	2.5	4.5	4.5
2. Minimum building site ^a (Net area in sq. ft.)	92,500 ^b	49,000	40,000	12,000	7,200	6,750
3. Minimum lot width ^c	200'	130'	120'	80'	70'	50'
4. Minimum lot depth	250'	200'	200'	100'	100'	100'
5. Minimum front yard	50'*	35'*	35'*	25'*	20'*	15'*
6. Minimum interior side yard setback	30'*	10% of lot width*	10% of lot width*	5' one side, 10' other side*	5' one side, 10' other side*	5'*
7. Minimum street side yard setback	30'*	15% of lot width	15% of lot width*	15'*	15'*	10'*
8. Minimum rear yard setback	50'*	40'*	25'*	20'*	10' (1-story) 15' (2-story)*	1'- (1-story) 15' (2-story)

9. Maximum lot coverage ^d	35%	35%	35%	30%	40%	40%
10. Maximum height for buildings and structures	30' or 2 stories, whichever is less	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings
11. Minimum distance between building (including main dwellings and accessory structures) ^e	20'	20'	6'	10'	10'	10'

RESIDENTIAL SITE DEVELOPMENT STANDARDS MULTIPLE FAMILY AND OTHER ZONES

	MF	MFA	SR	MHP
1. Maximum density (DU's per gross acre)	9.0	11.0	25.0'	6.5
2. Minimum building site (Net area in sq. ft.)	10,000	10,000	20,000	5 acres ^g
3. Minimum lot width ^c	80'	80'	80'	60' ^g
4. Minimum lot depth	100'	100'	100'	100' ^g
5. Minimum front yard setback	20'*	20'*	20'	20'
6. Minimum interior side yard setback	10'*	10'*	10'	5'
7. Minimum street side yard setback	10'*	10'*	10'	15'
8. Minimum rear yard setback	Average 15' ^h	Average 15' ^h	Average 15' ^h	5'
9. Maximum lot coverage ^d	40%	45%	60% ⁱ	50%

10. Maximum height for buildings and structures	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings	30' or 2 stories, whichever is less, 14' for accessory buildings
11. Minimum distance between buildings (including main dwellings and accessory structures) ^c	10'	10'	10'	5'

Notes to Table 16.32.050-A and B: Residential Site Development Standards

- ^a See Table 16.32.050-A for minimum lot sizes for parcels with slope greater than seven percent.
- ^b Area shall be increased to five acres for slope conditions exceeding twenty (20) percent.
- ^c Width measurements for cul-de-sac or otherwise odd-shaped lots shall be determined on the basis of the average horizontal distance between the side lot lines, measured at right angles to the lot depth at a point midway between the front and rear lot lines.
- ^{*} If a lot is located within a residential zone and was created prior to June 13, 1991, effective date of the Development Code, buildings may conform with the setback and lot coverage standards of the previous zone as outlined in Appendix C.W.-D-2.19
- ^d The following floor area ratios shall be adhered to in all zoning districts in addition to lot coverage requirements:

Lot Size			Floor Area Ratio (FAR)
0	—	4000 square feet net	0.35
4001	—	7199 square feet net	0.40
7200	—	11999 square feet net	0.50
12000	—	39999 square feet net	0.45
		40000 + square feet net	

The above FAR's shall not apply to condominium or PUD projects where the proposed lot consists of a building footprint.

- ^e Within a planned unit development, building separations may be reduced to zero feet, provided that fire walls are provided per UBC standards.
- ^f Unless a minimum of twenty-five (25) percent of the units are reserved for low and moderate income residents, the maximum density of independent living developments shall be eleven (11) units per gross acre (11 du/ac). Congregate and residential care facilities shall have a maximum density of twenty-five (25) dwelling units per gross acre (25 du/ac).
- ^g The minimum parcel size within the mobilehome district may be reduced to three thousand six hundred (3,600) square feet with a minimum average width of forty (40) feet and a minimum frontage of not less than thirty (30) feet if common open space areas

and recreational facilities are provided as part of the subdivision and if the open space areas and recreational facilities are reserved for the exclusive use of residents of the subdivision. Standards for the provision of common open space required to permit a reduction in lot size are as follows:

- (1) A minimum of five hundred (500) square feet of common open space and recreational area shall be provided for each residential lot in the subdivision.
- (2) The combined square footage of common open space, recreational area, and residential lot area, not including public and private streets and cannon parking areas shall average not less than six thousand (6,000) square feet per lot within the subdivision.
- (3) Open space and recreational areas shall be designated on the subdivision map, and shall be located entirely within the subdivision.

h For two-story buildings average rear yard setback shall be twenty (20) feet. Average includes all buildings along rear property line and is subject to city approval.

i The permitted sixty (60) percent lot coverage includes main and accessory buildings, parking areas, driveways, and covered patios. The remaining forty (40) percent of the total area shall be devoted to landscaping, lawn and outdoor recreation facilities incidental to the development, such as, but not limited to, outdoor recreation game areas, putting greens, patios, walkways and fences.

RESIDENTIAL PARKING STANDARDS

1. RESIDENTIAL USES		
a.	Single-family homes	
	Conventional size lot	2 spaces per unit within an enclosed garage
	Small lot (PUD)	2 spaces per unit within an enclosed garage and 0.5 space/unit for visitor parking
b.	Duplexes	2 space per unit within an enclosed garage and 1 uncovered space per unit
c.	Second residential units	1 covered space per unit and 1 uncovered space per unit
d.	Townhouse and condominiums (Attached ownership units)	
	RESIDENT PARKING:	
	Studio	1 space per unit within an enclosed garage
	1 bedroom	1 space per unit within an enclosed garage and 1 uncovered space per unit
	2+ bedrooms	2 spaces per unit within an enclosed garage and 0.5 uncovered space per unit for each additional bedroom over 2
	VISITOR PARKING:	0.5 uncovered space per unit
e.	Apartments and multifamily dwellings (rental units)	
	RESIDENT PARKING:	
	Studio	1 covered space per unit
	1 bedroom	1 covered space per unit and 0.5 uncovered space per unit

	2+ bedrooms	2 covered spaces per unit and 0.5 uncovered space per unit for each additional bedroom over 2
	VISITOR PARKING:	0.5 uncovered space per unit
f.	Senior housing - independent living	
	RESIDENT PARKING:	
	Studio	1 covered space per unit
	1 bedroom	1 covered space per unit
	2+ bedrooms	1 covered space per unit and 0.5 uncovered space per unit
	VISITOR PARKING:	0.5 covered space per unit
g.	Senior housing - assisted living	1 uncovered space per 3 beds and 1 space per employee on the largest work shift
h.	Mobilehome parks	2.5 uncovered spaces per unit
i.	Large family day care facilities	1 uncovered space per staff person other than the homeowner in addition to the required parking for the residential building

On and Off-Site Improvement Requirements

Typical on and off-site improvement requirements for residential subdivisions and/or mixed-use projects are imposed as part of the approval process for a subdivision and/or conditional use permit application. Current improvement standards include submittal of the following improvement plans: Grading and drainage; erosion control; street improvements; curb, gutter and sidewalk; public utilities; water and sewer; landscaping and irrigation. These improvement plan requirements are generally based on health, safety and to a lesser extent, aesthetic issues. Deviations from standards such as driveway width, street width and undergrounding of utilities occur on a case-by-case basis through the discretionary review process and will be formalized through implementation of Housing Element policies and programs to encourage affordable housing construction. As another incentive to produce more affordable housing, the City intends to update its Fee Schedule to reduce the amount of impact fees required for very low and low income housing (see Policy B.3-1).

The City adopted a Level of Service and Traffic Impact Study Policy in March 2002. A Level of Service (LOS) 'C' was established as the threshold, or peak hour design objective for all movements, including cumulative traffic at build-out of the study area.

Permit Processing Requirements

Permit processing times in Arroyo Grande are comparable to other cities in the county. Most of the processing times are a result of State mandated reviews and hearings, including the time required for preparation of the required environmental documents. Projects requiring an EIR can be processed in a year. Those not requiring an EIR may be processed in 6 months or less. While application and permit processing times may seem excessive by some, they are generally prescribed by law. The Housing Element includes a policy stating the City's intent to expedite the processing of development proposals that include affordable housing, to the extent allowed by CEQA and State planning, zoning and subdivision procedures. Estimated timelines for different permits

are indicated in Table 21 below. It should be noted that timelines can also change depending on if a proposed project is in a Planned Development Area. Any project within a Planned Development requires City Council approval. The 2001 General Plan Land Use Map eliminated reference to already developed Planned Development (PD) areas, but retained vacant areas. The Development Code Update will include this change and will result in shorter permit processing timelines for projects in developed PD areas.

TABLE 21
PERMIT PROCESSING TIMELINE

Permit Type	Initial Comments Due:	Target Issuance Date:
The goal of the City of Arroyo Grande Community Development Department is to issue a decision within the time periods listed below. These time periods begin when a complete application is submitted and are extended when additional information is requested by the City. To assist applicants, we are providing with timeframes below for our “target issuance date”—when you can expect a decision on your application, and an “initial comments due date”—when you can expect to receive initial review comments from us.		
Minor Use Permit (administrative) (Formerly Viewshed, Plot Plan, Architectural Review, and Minor Exception permits)	14 days	21 days
Temporary Use Permit (administrative)	7 days	14 days
Administrative Sign Permit (administrative)	7 days	14 days
Conditional Use Permit (discretionary)	30 days	120 days
Lot Line Adjustment (discretionary)	30 days	90 days
Tentative Parcel Map (discretionary)	30 days	90 days
Tentative Tract Map (discretionary)	30 days	120 days
Development Code Amendment (discretionary)	30 days	120 days
General Plan Amendment (discretionary)	30 days	120 days
Specific Plan (discretionary)	30 days	180 days
Variance (discretionary)	30 days	90 days

Environmental Constraints

The City adopted a General Plan Update in 2001. As part of the process of adopting the update, a program EIR was prepared to address the environmental issues attributed to the growth proposed. It is important to note that the General Plan Update evaluated residential growth that is very similar to that included in the Regional Housing Needs Assessment adopted for the City of Arroyo Grande, except that the General Plan assumes a longer planning period than the Needs Assessment. The General Plan Update EIR concluded that there were three major environmental impacts that were significant and could not be feasibly mitigated to less than significant, thus findings and

statements of over-riding consideration were adopted. These critical issues are considered constraints on residential development as discussed below.

Water Availability

As outlined in the public services section of the Program EIR, water resources are limited in the City. According to the City Public Works Department, the City is currently using more than 94% of its available average annual water resources. The current resources are not adequate to serve the increased population proposed by the General Plan, and thus, not adequate to serve the projected population proposed by the Regional Housing Needs Assessment. To address the water supply issue, the City has adopted a water conservation plan. The intent of this plan is to reduce wasteful or excessive water consumption to provide a margin of safety for existing users and enable more efficient use of existing resources to accommodate growth anticipated by the adopted 2001 General Plan. However, due to the fact that the conservation plan was only recently adopted, its effectiveness is yet to be determined. In addition, the Local Housing Task Force (LHTF) recommends that other sources of supplemental water supply should be considered soon due to the lengthy time required for regional water resource or project development. Other than pending conservation measures, these resources were determined to be beyond the time frame of the Housing Element planning period. It is therefore concluded that water availability is a critical constraint to continued residential development.

Traffic/Circulation

The General Plan Program EIR evaluated traffic impacts, both from proposed City development as well as regional impacts of growth. The EIR concluded that many local streets and Highway 101 will be significantly impacted. The 101 impacts are significant in that the improvements required to serve many of the undeveloped land in the southeast and south portions are not yet planned and likely will not be implemented until after the Housing Element planning period. It is therefore concluded that additional development will cumulatively impact area roadways and thus is another constraint to continued regional residential development, including within the City.

Air Quality

Like traffic/circulation, air quality has been determined in the General Plan Program EIR to be a significant impact that cannot be mitigated to less than significant, and will require a Clean Air Plan amendment. This is a cumulative impact attributed to additional growth, thus is considered a significant constraint to continued residential regional development, including within the City.

Non-Governmental Constraints

This sub-section provides information related to constraints to producing housing, specifically affordable housing, that result not from governmental regulation, but from other forces on the housing market. Primarily, this examines the economic factors that contribute to the price of housing in Arroyo Grande. Other factors that have an effect on housing costs that are not addressed are sales and marketing costs, property taxes, and developer profits.

Land Costs

Land costs vary substantially based upon a number of factors. The main influences on land value are location and zoning, and to a degree available supply of land. Land that is conveniently located in a desirable area that is zoned for residential uses will likely be more valuable, and thus more expensive.

The LHTF developed several proformas that evaluated the costs of residential development, including land costs. It has been estimated that unimproved residential zoned land in the City ranges from \$300,000 to \$500,000 per acre. Improved lots can be even more costly. The range sometimes varies due to the site zoning, with higher density zoned land being more expensive per acre (but less per unit). Given the median cost of housing identified in this chapter and the median costs for affordable housing, then it is evident that land costs clearly present the most significant constraint to the production of affordable housing in the City.

Site Improvement Costs

Site improvement costs include the cost of providing access to the site, clearing and grading the site, and constructing required improvements. In the case of a subdivision, such costs may also include major subdivision improvements such as building roads, installing sewer, water and other utilities. As with land costs, several variables affect the amount of such costs including site topography and proximity to established roads and utilities. Engineering and other design and technical assistance costs are usually included with site improvement as these services and City fees are required to ensure the development is constructed to established codes and standards.

The City requires that curbs, gutters and sidewalks be placed along the frontage of every lot on which new construction is done. Many of these improvements, especially sidewalks, generally are required to provide pedestrian access and access for the handicapped. These costs have been estimated in a range of from \$40,000 to \$60,000 per unit for a standard single-family housing subdivision. While these costs contribute to the cost of a housing unit, the improvements required by the City are typical of all cities in the State and do not impose a significant constraint on the development of housing in the City. City regulations are intended to generally encourage high-quality private development and new construction.

Construction Costs

Construction costs are those incurred in actually constructing a dwelling unit. These costs can vary depending on the location or style of development. Important determinants of construction costs include the amenities built into the unit, materials used, the prevailing labor rate (a significant issue with subsidized affordable housing given recent legislation), and the difficulty of building on the site. In Arroyo Grande, expansive soils may necessitate more extensive foundations for housing units. Residential construction costs per square foot vary, with an estimated \$102.00 per square foot for single family, \$95.00 for condominiums, and \$93.00 for apartments

Financial Costs

Because of the size of most housing developments, developers generally have to borrow money to cover the costs outlined above. As with all loans, interest must be

paid to the lender. Interest rates for construction loans, as well as mortgage, tend to be tied to the prime rate (the prime rate is the interest rate at which banks loan money to their best corporate clients). Construction loans are generally two or more percentage points above the prime rate. Currently, interest rates are generally low, but recent reports indicate that they may be increasing over the Housing Element planning period. The prime rate is currently at 4 percent (July, 2003). While this is not considered a significant constraint, the time it takes to process and construct a project can affect the amount of interest paid. This Housing Element includes a policy to streamline the processing of affordable housing that could reduce the financial costs of these projects.

Insurance Availability

One of the significant issues identified by the Housing LHTF as reported by local developers is the cost and/or availability of workers compensation and liability insurance. These types of insurance have become very costly or are not available at all. This is having a negative effect in the construction of multi-family units such as condominiums and apartments as well as a substantial cost per unit. This situation has escalated to a point that only single-family residential development appears profitable. This has and continues to be a constraint to multi-family and condominium development, which are the types of housing most feasible for affordable housing. This is a situation that needs to be addressed at the State level in that it is generally out of the control of the City.

5.4 Local Housing Funds

The City of Arroyo Grande has a Redevelopment Agency (RDA) in place that collects tax increments to finance public projects as well as affordable housing. Under State law, 20 percent of the tax increment must be set aside for affordable housing. The Agency currently has \$85,719 in its housing fund. While it is expected that this fund will increase over the years as the Agency was only recently established in 1996, the increased amount will not generate significant funds during this housing period.

The City also adopted an inclusionary housing program in March 2000 that generates in-lieu housing funds. As of July 1, 2003 this program had funds in the amount of \$631,882 devoted to affordable housing. To date, the City has allocated funds from this source for two affordable senior housing projects. Like the RDA fund, this fund will increase during the housing period as additional projects are developed.

The RDA fund and the inclusionary in-lieu fund can support affordable housing. These funds can be directly utilized to assist affordable housing projects in the City or can be leveraged toward qualifying for State and federal housing funds. It is the intent of the City to utilize available funds to support affordable housing projects and programs.

5.5 Energy Conservation Opportunities and Programs

The California Building Code (specifically Title 24) requires that all new residential development comply with specific energy conservation standards. These require a multitude of measures to reduce energy usage in a housing unit, thus reducing the monthly costs for the housing unit occupants. Energy costs are an important factor when determining the affordability of a housing unit. All new construction in the City must comply with Title 24. These regulations are periodically modified to reduce energy

usage as part of ongoing updates to Title 24 and the California Building Code, which are required to be adopted by the City.

The major issue with energy conservation is with existing housing units, maintaining their level of affordability. Factors that affect energy use must be put in the context of identifying opportunities for conservation. Additional insulation, weather stripping, and energy efficient windows are three methods to reduce energy consumption. Several of the local utility companies have programs to retrofit existing units to encourage reduced energy consumption. A policy is provided in this Housing Element to require compliance with energy regulations and codes in new development and to encourage and support retrofit programs for existing units.

5.6 Current and Past Housing Efforts

Evaluation of 1993 Programs

Below are the programs identified in the 1993 Housing Element followed by a brief evaluation or status comment.

1. *The City will establish an affordable housing fund to accept housing-related fees; this fund will be used to construct lower income housing, write-down land or financing costs, rehabilitate or preserve existing units, or pay for implementation programs within this housing element. At the same time that the City establishes said funds, it will also adopt guidelines for the utilization of the monies, including establishment of general priorities and procedures.*

Response: The City enacted an affordable housing fund in March 2000 in Ordinance No. 514 C.S. entitled "Affordable Housing Requirements". An affordable housing in-lieu fee was established for projects requiring General Plan amendments and/or changes to the zoning designation increasing residential density, and for all other residential development projects greater than four (4) units (projects producing less than 4 units are exempt from affordable housing requirements). The in-lieu fee associated with General Plan/Zoning Map amendments was established at 2.5% of the value of new construction for each required affordable unit, and 1% of the value of new construction for all other residential projects.

During the 2001 General Plan Update, the program was amended to increase the affordable housing in-lieu fee to 3%.

2. *The City will establish a streamlined permit processing procedure for low-income housing projects.*

Response: The City has not formally adopted a streamlined permit processing procedure for low-income housing projects nor received any applications proposing such use. Recent projects proposing affordable housing above what the Affordable Housing Ordinance requires have received priority and been processed expeditiously.

3. *The City will review, and where necessary amend, its zoning ordinance to ensure that the following incentive programs are in compliance with the most current provisions of State law: second units in residential zones; mobile homes and manufactured housing in all residential zones; density bonuses for subdivisions that include an affordable housing component. In addition, the City will incorporate density bonus provisions to implement policy A.21. for the condominium/townhouse and multifamily districts.*

Response: The City's Second Residential Dwelling Ordinance was amended June 10, 2003 in compliance with State law (AB 1866). The ordinance provides a simpler, more expedient process, much broader opportunity, and incentives for property owners to establish second dwellings, while still maintaining oversight through basic criteria and uniform development standards. The incentives are through decrease in development fees and the elimination of the Conditional Use Permit (CUP) process. City control is maintained through the Minor Use Permit (MUP) process when deviations to the ordinance are sought. Mobile homes are allowed by State law in all residential districts, and the City has a separate Mobile Home Park (MHP) zoning district as well. The City's Affordable Housing Ordinance allows for density bonuses consistent with State law, and the proposed Housing Element Update includes programs to strengthen the City's inclusionary housing requirements including greater and broader density bonuses.

4. *At least biannually, the City will review development-related processes and procedures and report on ways to eliminate unnecessary delays or other costs that affect the production of housing. Said report shall be submitted to the Planning Commission who shall forward a recommendation to the City Council.*

Response: The City did not produce biannual reports that specifically relate to the processes and procedures for eliminating unnecessary delays associated with housing development projects, but this Housing Element Update serves this purpose.

5. *The City will formally adopt an ordinance related to traffic impact mitigations. If said ordinance includes fees, they shall also include provisions for reducing those mitigation fees for lower income units as an incentive for affordable housing. Said reductions may be "scaled" so that greater reductions will be afforded projects meeting very low income housing needs and/or the needs of other special groups in the community.*

Response: The City adopted a Level of Service (LOS) Policy and Traffic Study Guidelines in February 2000 that established thresholds of significance for traffic impacts and standardized traffic study requirements. Mitigation impact fees are required for projects that exceed the City's traffic impact threshold, but there is no specific provision for reducing these impact fees for lower income units as an incentive for affordable housing. The City Council has the authority to reduce these fees on a case-by-case basis for any project believed to have justification. The

proposed 2003 Housing Element addresses proposed impact fee reductions for affordable housing projects.

6. *At least annually, the Planning and Public Works Departments will provide an update to the City Council on available water supplies, projected demand under the General Plan and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the (1991) General Plan, including this (1993 Housing) Element.*

Response: Every five (5) years, the Public Works Department prepares an Urban Water Management Plan that is submitted to the State, and a Water Master Plan that is prepared for the City Council. If this program is retained in the updated Housing Element, it should be revised to read "periodically" instead of annually to better reflect the reality of preparing these Plan updates. The City Council does, however, receive at least annual report of water resource utilization and per capita consumption, including most recently the Water Conservation Program report.

7. *The City will require the continued affordability of low-income units that are constructed as a result of government funds or regulations or that receive a density bonus or other incentive. The term of such condition shall be determined on a case-by-case basis but shall comply with applicable requirements of State law.*

Response: Affordable housing projects constructed with financial assistance from non-profit organizations or government subsidies are in compliance with applicable State law requirements applicable at the time of approval. Affordable housing projects approved since the adoption of the City's Affordable Housing Ordinance are required to ensure affordability for 30 years through deed restriction and/or development agreement.

8. *The City will adopt an ordinance that requires that new housing projects and subdivisions of at least 50 units in size to provide at least 10% of the units as affordable to low income households; and projects and subdivisions of 25-49 units or lots in size to provide at least 5% of the units as affordable to low income households. Said ordinance may allow exceptions based on findings that provision of such units is infeasible on the site; however, in cases of exceptions, the City will require dedication of land or payment of fees in accordance with Policy A.12. The ordinance shall also allow a 10% density bonus in cases where the required low-income units are constructed on site. Said ordinance will also require the payment of fees for projects with fewer than 25 units in accordance with Policy A.13.*

Response: These provisions are included in the current Affordable Housing Ordinance, but the few projects of more than 25 units pursued since 1993 were also allowed to pay fees in lieu of providing 5 to 10% affordable housing without requesting use of a density bonus.

9. *The City will study alternative methods for calculating allowable residential densities to allow a greater number of smaller units instead of large units in appropriate circumstances. For example, if senior housing is found to generate fewer public service and other impacts, it may be appropriate to allow more such housing instead of large single family dwellings. The results of this study shall be incorporated into an ordinance that specifies the conditions necessary for modified density calculations to be used.*

Response: The 2001 General Plan added greater flexibility for higher densities by creating a Mixed Use (MU) district that allows up to twenty-five (25) dwelling units per acre. Pending Development Code Amendments also provide dwelling unit equivalents for smaller and larger than two bedroom units to calculate density.

10. *The City shall continue to work with People's Self Help Housing Corporation, or other non-profit agencies to secure funds through State and federal programs for development of new low-income housing, and rehabilitation of existing low-income households.*

Response: Several projects were developed since 1993, and although there are no current projects pending, the City has been in communication with both People's Self Help Housing and the San Luis Obispo Housing Authority regarding potential additional affordable rental housing, including farmworker and senior or special needs housing projects.

11. *The City will amend its zoning ordinance to allow, (in addition to allowing residential uses in the Village area) the following: a) residential in conjunction with commercial in all commercial zones, subject to discretionary review. Criteria for approving residential uses shall be included in the ordinance.*

Response: The 2001 General Plan includes Mixed Use (MU) zoning districts and pending Development Code Amendments will implement these provisions district by district as required.

12. *The City will maintain a land inventory of available vacant property zoned for residential uses and make the list available to the public and developers.*

Response: The City has not developed nor maintained a vacant land inventory for public use. However the City is currently developing a Geographic Information System (GIS) that will enable such an inventory to be generated. The 2001 General Plan Update included the basic inventory of vacant and underutilized sites used for this Housing Element Update.

13. *The City Building Department shall track all new construction and rehabilitation projects and provide information to the Planning Department on a monthly basis in order to keep the City's computer-based Land Use Inventory updated.*

Response: The Building Department provides other City departments with a monthly list of building permit activity, but it is not yet integrated into a GIS. Monthly reports of the limited changes to the City's housing inventory are considered excessive but an annual summary would be realistic.

14. *The City shall meet with representatives of the Cities of Pismo Beach and Grover Beach to discuss the possibility of forming an inter-city housing authority, and/or other means for interagency coordination, to address the potential of meeting categorical housing needs as a region, as well as providing a reasonable approach to a "jobs-housing" balance.*

Response: Representatives from communities within the South County area have met to discuss Housing-related issues. The concept of forming a South County regional housing authority has not yet been specifically discussed, however.

15. *The City will consider a citywide funding mechanism to accumulate monies for the projection of lower income housing. Options may include a citywide special tax. If such a funding mechanism is approved, then Policies A.12 and A.13 requiring "inclusionary" housing or in-lieu fees may be modified.*

Response: Such a citywide funding mechanism has not yet been considered, but are again proposed as part of this Housing Element Update.

16. *If grant application assistance is available from People's Self Help Housing Corporation, or other groups, the City will apply for CDBG rehabilitation funds to enable rehabilitation for low-income households.*

Response: The City has been working with the Economic Opportunity Commission (EOC) using CDBG funding for its home repair program.

17. *The City will coordinate its efforts with the San Luis Obispo Housing Authority to continue receiving Section 8 subsidy monies.*

Response: The City has continued to work with the local Housing Authority for Section 8 subsidy monies.

18. *The City will provide home repair videos to the public at little or no cost.*

Response: This program has not been implemented, nor is the demand or need evident due to the few substandard units within the City.

19. *The City will conduct a biannual inventory of the housing stock condition and prepare a report for presentation to the City Council.*

Response: This program has not been implemented: See response to number 13 above.

20. *The City will develop and adopt a revised condominium conversion ordinance that requires tenant notice, opportunities for tenant purchase of units and mitigations for the loss of low-income rental units through the conversion. Such mitigations may include, but are not necessarily limited to, provision of replacement housing, relocation assistance, and/or payment of fees into the housing fund.*

Response: The Development Code standards for condominium conversions include all of the above requirements, but the lack of vacancy factor prerequisite has prevented any condominium conversion despite requests.

21. *The City will develop and adopt an ordinance intended to encourage the retention of existing mobile home parks and to provide tenant protection in cases of approved conversions. Such protection shall include, but is not necessarily limited to, notice to tenants at least one year in advance of any conversion, reasonable opportunities for park purchase by the tenants, and relocation assistance for low-income tenants.*

Response: This program has not been implemented. The City would utilize the same criteria and procedures required for condominium conversion, however by interpretations until this issue is considered.

22. *The City will adopt an ordinance requiring tenant notice and relocation assistance in cases of demolition of multi-family housing. Such an ordinance shall provide for at least one year's notice to tenants except in cases of imminent risk to health or safety. The ordinance will also specify minimum requirements for relocation assistance for displaced tenants. Such assistance may include providing information about other available housing and providing a stipend to help offset moving expenses for low-income households.*

Response: This program has not been implemented.

23. *The City will periodically review its user charges for public services and facilities to ensure that the charges are consistent with the costs of improvements and maintenance.*

Response: The City reviews its user charges for public services and facilities on an annual basis.

24. *The City will require new projects to be reviewed by the Staff Advisory Committee and by the Planning Commission and/or the Architectural Review Committee to ensure compatibility with existing neighborhoods.*

Response: The Staff Advisory Committee, Architectural Review Committee and Planning Commission review all discretionary development projects to ensure compatibility with existing neighborhoods.

25. *The City will require housing developments for low and moderate-income households to be designed so that they do not stand out in the neighborhood, in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized which are compatible with the character of the surroundings.*

Response: Design review of affordable housing projects is conducted on a case-by-case basis to ensure that the units blend architecturally with the surrounding neighborhood.

26. *The City shall maintain a list of all dwellings within the City that are subsidized by government funding or low-income housing developed through local regulations or incentives. The list shall include, at a minimum, the number of units, the type of government program, and the date at which the units may convert to market-rate dwellings.*

Response: This program has not been implemented, but the Housing Authority, People's Self Help Housing and City records enable potential annual inventory.

27. *The City shall add to existing incentive programs, and include in all new incentive or regulatory programs, requirements to give notice prior to conversion to market rate units as described in Policy C.2.*

Response: This is currently a requirement.

28. *The City will review its zoning to allow group housing in residential zones in accordance with State law; co-housing and similar "unconventional" housing arrangements; farmworker housing in the agricultural zone; "life care" and other combinations of residences with nursing care for seniors.*

Response: The City intends to include group housing in the 2004-2005 Development Code Amendments for residential districts.

29. *The City will institute an "operation match-up" program to match owners of underutilized housing units with seniors, single parents, and other low-income persons needing housing.*

Response: This program has not been implemented, nor are many units "underutilized".

30. *The City shall continue to provide information about housing opportunities and services for homeless persons through the Police Department, as well as City Hall.*

Response: The City currently provides this information.

31. *The City shall cooperate with the other cities, the County and other agencies in the development of programs aimed at providing homeless shelters and related services.*

Response: The City continues to cooperate with other jurisdictions and agencies regarding homeless programs.

32. *The City will revise its zoning ordinance to allow the establishment of homeless shelters for overnight lodging in religious or social organization buildings in those areas designated for high density residential, commercial or public facility uses, subject to approval of a Conditional Use Permit (CUP).*

Response: The City allows these facilities in all multi-family and some mixed use districts subject to CUP approval.

33. *The City will implement Title 24 of the California Code on all new development.*

Response: The City requires Title 24 compliance on all new development.

34. *The City will work with PG&E and Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program, in conjunction with PG&E and/or Southern California Gas Company to educate residents about the benefits of various retrofit programs.*

Response: This is an on-going program.

35. *The City will amend its subdivision ordinance to implement the subdivision map act related to subdivision orientation for solar access.*

Response: The City's Development Code includes a provision for solar access easements.

36. *The City will amend its zoning ordinance to allow for mixed residential and commercial development, where appropriate.*

Response: The City enables Mixed Use (MU) developments in the 2001 Land Use Element of the General Plan and is currently updating its Development Code to be consistent with the General Plan.

37. *The City will amend its subdivision ordinance to require that new subdivisions include transit opportunities and bicycle and pedestrian routes, where feasible and appropriate.*

Response: The City's Development Code includes provisions for dedication of land for local transit facilities and other public amenities such as walking paths, bicycle paths and horse trails. The 2001 General Plan identifies other alternative circulation

proposals that will be implemented by Bikeway Plan, Transit Plan and other Specific Plans.

38. *The City will continue to provide information from the Department of Fair Employment and Housing. Such information will be posted at City Hall, the City/County Library, the Chamber of Commerce and other frequented public places.*

Response: The City provides this information at multiple locations.

39. *The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance, and the Department of Fair Employment and Housing district office in Ventura.*

Response: The City will refer persons as stated above.

5.7 General Plan Consistency

The City's land use element of the 2001 General Plan currently designates the sites noted in this Housing Element for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. The policies in this Housing Element will guide that process, ensuring internal consistency among the General Plan elements.

APPENDIX A PERSONS CONTACTED

Ted Bench, Dana Lilly. County of San Luis Obispo Planning Department

Peter Brown. San Luis Obispo Council of Governments

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Paul Dirksen, Jr. Housing Policy Analyst, California Department of Housing and Community Development

Carol Hatley. Housing Authority of San Luis Obispo

Don Spagnolo. Arroyo Grande Public Works Director

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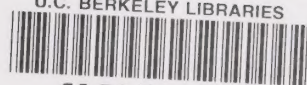
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